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 June 29, 2008

OR

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

For the transition period from   to

Commission File Number 001-13615

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

Wisconsin **(State or other jurisdiction of incorporation or organization)**	**22-2423556** **(I.R.S. Employer Identification Number)**
Six Concourse Parkway, Suite 3300, Atlanta, Georgia **(Address of principal executive offices)**	**30328** **(Zip Code)**

(770) 829-6200
(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a small reporting company)	Smaller reporting company ☐

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

The number of shares outstanding of the Registrant's common stock, $.01 par value, as of August 4, 2008, was 52,778,689.

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QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED June 29, 2008

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS, INC.

Condensed Consolidated Balance Sheets
June 29, 2008 and September 30, 2007
(Unaudited)
(Amounts in thousands, except per share figures)

	June 29, 2008	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,697	$ 69,853
Receivables:		
Trade accounts receivable, net of allowances of $17,878 and $17,196, respectively	394,982	352,877
Other	39,147	47,522
Inventories	428,322	396,329
Deferred income taxes	9,011	22,208
Assets held for sale	8,600	33,646
Prepaid expenses and other	56,022	53,966
Total current assets	1,008,781	976,401
Property, plant and equipment, net	258,076	281,568
Deferred charges and other	47,143	40,740
Goodwill	578,604	820,727
Intangible assets, net	1,007,575	1,047,044
Debt issuance costs	38,745	44,906
Total assets	$ 2,938,924	$ 3,211,386
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	$ 54,093	$ 43,438
Accounts payable	265,253	279,548
Accrued liabilities:		
Wages and benefits	64,421	67,492
Income taxes payable	8,450	18,345
Restructuring and related charges	38,957	55,793
Accrued interest	52,253	51,122
Liabilities held for sale	—	8,475
Other	90,403	81,943
Total current liabilities	573,830	606,156
Long-term debt, net of current maturities	2,580,638	2,416,916
Employee benefit obligations, net of current portion	59,582	54,469
Deferred income taxes	167,051	169,088
Other	69,471	68,585
Total liabilities	3,450,572	3,315,214
Commitments and contingencies		
Shareholders' deficit:		
Common stock, $.01 par value, authorized 150,000 shares; issued 69,250 and 69,062 shares, respectively; outstanding 52,779 and 52,765 shares, respectively	692	690
Additional paid-in capital	672,603	669,274
Accumulated deficit	(1,202,350)	(763,370)
Accumulated other comprehensive income	94,183	65,664
	(434,872)	(27,742)
Less treasury stock, at cost, 16,327 and 16,297 shares, respectively	(76,776)	(76,086)
Total shareholders' deficit	(511,648)	(103,828)
Total liabilities and shareholders' deficit	$ 2,938,924	$ 3,211,386

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

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SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Operations
For the three and nine month periods ended June 29, 2008 and July 1, 2007
(Unaudited)
(Amounts in thousands, except per share figures)

	THREE MONTHS		NINE MONTHS	
	2008	2007	2008	2007
Net sales	$ 729,663	$ 659,982	$ 1,981,489	$ 1,905,532
Cost of goods sold	454,314	402,001	1,253,543	1,192,845
Restructuring and related charges	13,929	4,116	14,245	16,731
Gross profit	261,420	253,865	713,701	695,956
Selling	156,530	140,264	431,933	428,667
General and administrative	48,399	34,689	146,878	122,406
Research and development	6,985	6,448	18,983	20,990
Goodwill and intangibles impairment	303,323	—	316,523	214,039
Restructuring and related charges	5,947	26,880	16,014	41,662
Total operating expenses	521,184	208,281	930,331	827,764
Operating (loss) income	(259,764)	45,584	(216,630)	(131,808)
Interest expense	57,106	59,378	172,499	191,477
Other expense, net	1,274	1,259	111	4,513
Loss from continuing operations before income taxes	(318,144)	(15,053)	(389,240)	(327,798)
Income tax (benefit) expense	(34,282)	(6,927)	48,492	(63,997)
Loss from continuing operations	(283,862)	(8,126)	(437,732)	(263,801)
Income (loss) from discontinued operations, net of tax	—	738	(1,245)	88
Net loss	$ (283,862)	$ (7,388)	$ (438,977)	$ (263,713)
Basic earnings per share:				
Weighted average shares of common stock outstanding	50,897	50,753	50,923	50,827
Loss from continuing operations	$ (5.58)	$ (0.16)	$ (8.60)	$ (5.19)
Income (loss) from discontinued operations	—	0.01	(0.02)	—
Net loss	$ (5.58)	$ (0.15)	$ (8.62)	$ (5.19)
Diluted earnings per share:				
Weighted average shares and equivalents outstanding	50,897	50,753	50,923	50,827
Loss from continuing operations	$ (5.58)	$ (0.16)	$ (8.60)	$ (5.19)
Income (loss) from discontinued operations	—	0.01	(0.02)	—
Net loss	$ (5.58)	$ (0.15)	$ (8.62)	$ (5.19)

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

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Cash Flows
For the nine month periods ended June 29, 2008 and July 1, 2007
(Unaudited)
(Amounts in thousands)

	NINE MONTHS	
	2008	2007
Cash flows from operating activities:		
Net loss	$(438,977)	$ (263,713)
(Loss) income from discontinued operations	(1,245)	88
Loss from continuing operations	(437,732)	(263,801)
Non-cash adjustments to loss from continuing operations:		
Depreciation	40,782	31,819
Amortization	28,277	28,868
Amortization of debt issuance costs	6,313	5,816
Impairment of goodwill and intangibles	316,523	214,039
Other non-cash adjustments	24,686	(4,329)
Net changes in assets and liabilities, net of discontinued operations	(108,668)	(142,753)
Net cash used by operating activities of continuing operations	(129,819)	(130,341)
Net cash used by operating activities of discontinued operations	(296)	(12,998)
Net cash used by operating activities	(130,115)	(143,339)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(15,256)	(20,465)
Proceeds from sale of equipment	154	486
Net cash used by investing activities of continuing operations	(15,102)	(19,979)
Net cash provided by investing activities of discontinued operations	15,076	—
Net cash used by investing activities	(26)	(19,979)
Cash flows from financing activities:		
Reduction of debt	(268,086)	(1,826,363)
Proceeds from debt financing	396,000	2,178,729
Debt issuance costs	(152)	(40,790)
Treasury stock purchases	(690)	(3,000)
Net cash provided by financing activities	127,072	308,576
Effect of exchange rate changes on cash and cash equivalents	5,913	2,512
Net increase in cash and cash equivalents	2,844	147,770
Cash and cash equivalents, beginning of period	69,853	28,430
Cash and cash equivalents, end of period	$ 72,697	$ 176,200

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

SPECTRUM BRANDS, INC.

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

1 DESCRIPTION OF BUSINESS

Spectrum Brands, Inc. and its subsidiaries (the "Company") is a global branded consumer products company with positions in seven major product categories: consumer batteries; pet supplies; electric shaving and grooming; electric personal care; portable lighting; lawn and garden and household insect control.

The Company manages its business in three reportable segments: (i) Global Batteries & Personal Care, which consists of the Company's worldwide battery, shaving and grooming, personal care and portable lighting business ("Global Batteries & Personal Care"); (ii) Global Pet Supplies, which consists of the Company's worldwide pet supplies business ("Global Pet Supplies"); and (iii) Home and Garden Business, which consists of the Company's lawn and garden and household insect control businesses (the "Home and Garden Business").

The Company's operations include the worldwide manufacturing and marketing of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic 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 lawn fertilizers, herbicides, insecticides and repellents in North America. The Company's operations utilize manufacturing and product development facilities located in the United States, Europe, China and Latin America.

The Company sells its products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers and enjoys name recognition in its markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8in1, Spectracide, Cutter and various other brands.

The Company has engaged advisors to assist it in exploring possible strategic options, including divesting certain assets, in order to reduce its outstanding indebtedness. In connection with this undertaking, during the first quarter of the Company's fiscal year ended September 30, 2007 the Company approved and initiated a plan to sell the Home and Garden Business, which at the time was comprised of United States ("U.S.") and Canadian divisions. As a result, the Company designated certain assets and liabilities related to the Home and Garden Business as held for sale and designated the Home and Garden Business as discontinued operations. On November 1, 2007, the Company sold the Canadian division of the Home and Garden Business. See Note 2, Significant Accounting Policies—Discontinued Operations and Assets Held for Sale for further details on the sale of the Canadian division of the Home and Garden Business.

During the second quarter of the Company's fiscal year ending September 30, 2008 the Company determined that in view of the difficulty in predicting the timing or probability of a sale of the Home and Garden Business, the requirements of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), necessary to classify the Home and Garden Business as discontinued operations were no longer met. As a result, effective December 31, 2007, the Company reclassified the Home and Garden Business, which had been designated as a discontinued operation since October 1, 2006, as an asset held and used. Accordingly, the presentation herein of the results of continuing operations includes the Home and Garden Business, without the Canadian division which, as indicated above, was sold on November 1, 2007, for all periods presented.

SPECTRUM BRANDS, INC.

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

On May 20, 2008, the Company entered into a definitive agreement for the sale of Global Pet Supplies with Salton Inc. (“Salton”) and Applica Pet Products LLC (“Applica”), each controlled affiliates of Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. The agreement was subject to a number of closing conditions, including, without limitation, consent of the Company’s lenders under its senior credit facilities. The Company had been unable to obtain the consent of the lenders under its senior credit facilities, and, on July 13, 2008, the Company entered into a termination agreement with Salton and Applica to mutually terminate the definitive agreement. Pursuant to the termination agreement, as a condition to the termination, the Company paid Salton and Applica $3,000 as a reimbursement of expenses.

The Company, with the assistance of its advisors, continues to explore possible strategic options, including divesting certain assets, in order to reduce its outstanding indebtedness.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “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 June 29, 2008, the results of operations for the three and nine month periods ended June 29, 2008 and July 1, 2007, and cash flows for the nine month periods ended June 29, 2008 and July 1, 2007. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America 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, 2007. Certain prior period amounts have been reclassified to conform to the current period presentation.

Significant Accounting Policies and Practices: The condensed consolidated financial statements include the condensed consolidated financial statements of Spectrum Brands, Inc. and its subsidiaries and are prepared in accordance with generally accepted accounting principles in the United States of America. All intercompany transactions have been eliminated. The Company’s fiscal year ends September 30. References herein to Fiscal 2008 and Fiscal 2007 refer to the fiscal years ended September 30, 2008 and 2007, respectively.

The preparation of condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States of America 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.

Discontinued Operations: On November 1, 2007, the Company sold the Canadian division of the Home and Garden Business, which operated under the name Nu-Gro, to a new company formed by RoyCap Merchant Banking Group and Clarke Inc. Cash proceeds received at closing, net of selling expenses, totaled $14,931 and were used to reduce outstanding debt. These proceeds are included in net cash provided by investing activities of discontinued operations in the Condensed Consolidated Statements of Cash Flows (Unaudited) included in this Quarterly Report on Form 10-Q. On February 5, 2008, the Company finalized the contractual working capital adjustment in connection with this sale which increased proceeds received by the Company by $500. As a result of the finalization of the contractual working capital adjustments the Company recorded a loss on disposal of $1,087, net of tax benefit.

SPECTRUM BRANDS, INC.

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

The following amounts related to the Canadian division of the Home and Garden Business have been segregated from continuing operations and are reflected as discontinued operations for the nine months ended June 29, 2008 and the three and nine months ended July 1, 2007, respectively:

	Three Months	Nine Months	
	2007(A)	2008(B)	2007(A)
Net sales	$ 40,413	$ 4,732	$75,022
Loss from discontinued operations before income taxes	$ 1,137	$(1,896)	$ 88
Provision for income tax expense (benefit)	399	(651)	—
Income (loss) from discontinued operations, net of tax	$ 738	$(1,245)	$ 88

(A) The three month period ended July 1, 2007 represents results from discontinued operations from April 2, 2007 through July 1, 2007. The nine month period ended July 1, 2007 represents results from discontinued operations for October 1, 2006 through July 1, 2007.

(B) The nine month period ended June 29, 2008 represents results from discontinued operations from October 1, 2007 through November 1, 2007, the date of sale. Included in the loss for the nine month period is a loss on disposal of $1,087, net of tax benefit.

Assets Held for Sale: As of June 29, 2008, the Company had $8,600 included in Assets held for sale in its Condensed Consolidated Balance Sheets (Unaudited) related to certain assets and liabilities of a distribution facility in the Dominican Republic and manufacturing facilities in France and Brazil.

At September 30, 2007, the Company had assets and liabilities of $24,975 and $8,475, respectively, related to the Canadian division of the Home and Garden Business included in Assets held for sale and liabilities held for sale in its Condensed Consolidated Balance Sheets (Unaudited). See Discontinued Operations in this Note 2 above for additional information. The remaining balance in Assets held for sale in the Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2007, consists primarily of a distribution facility in the Dominican Republic and manufacturing facilities in France and Brazil.

Intangible Assets: Intangible assets are recorded at cost or at fair value if acquired in a purchase business combination. Customer lists and proprietary technology intangibles are amortized, using the straight-line method, over their estimated useful lives of approximately 5 to 19 years. Excess of cost over fair value of net assets acquired (goodwill) and indefinite-lived intangible assets (certain trade name intangibles) are not amortized. Goodwill is tested for impairment at least annually, at the reporting unit level with such groupings being consistent with the Company's reportable segments. If an impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Indefinite-lived trade name intangibles are tested for impairment at least annually by comparing the fair value, determined using a relief from royalty methodology, with the carrying value. Any excess of carrying value over fair value is recognized as an impairment loss in income from operations.

SFAS No. 142, *"Goodwill and Other Intangible Assets"* ("SFAS 142") 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. The fair values of the Company's goodwill and trade name intangibles were tested as of May 25, 2008, December 31, 2007 and April 1, 2007. Goodwill and trade names of the Company's Home and Garden Business were tested as of May 25, 2008 in conjunction with a forecasted reduction of future operating profitability of this business. This forecasted reduction of future profitability is primarily the result of significant current and projected cost increases in certain raw materials used in the production of many of the lawn fertilizer and growing media products manufactured by the Company's

SPECTRUM BRANDS, INC.

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

Home and Garden Business coupled with more conservative growth rates for this business. Goodwill and trade name intangibles of the Company's Home and Garden Business were tested as of December 31, 2007 in conjunction with the Company's reclassification of that business from an asset held for sale to an asset held and used. All of the Company's goodwill and trade name intangibles were tested as of April 1, 2007 in conjunction with the Company's realignment of reportable segments which occurred in January 2007.

In accordance with SFAS 142, the Company conducted impairment testing on the Company's goodwill. The Company used the discounted estimated future cash flows methodology to determine the fair value of its reporting units. Assumptions critical to the Company's fair value estimates were: (i) the present value factors used in determining the fair value of the reporting units and trade names; (ii) royalty rates used in the Company's trade name valuations; (iii) projected average revenue growth rates used in the reporting unit and trade name models; and (iv) projected long-term growth rates used in the derivation of terminal year values. These and other assumptions are impacted by economic conditions and expectations of management and will change in the future based on period specific facts and circumstances. The Company first compared the fair value of its reporting units with their carrying amounts, including goodwill. As a result of the testing performed as of May 25, 2008, this first step indicated that the fair value of the Company's Home and Garden Business was less than the Company's carrying amount of the Home and Garden Business and, accordingly, further testing of goodwill was required to determine the impairment charge required by SFAS 142. Accordingly, the Company then compared the carrying amount of the Home and Garden Business goodwill against the respective implied fair value of goodwill. The carrying amount of the Home and Garden Business goodwill was determined to exceed its implied fair value and, therefore, the Company recorded an impairment charge equal to the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of such goodwill. As a result of this goodwill impairment analysis, the Company recorded a non-cash pretax goodwill impairment charge of approximately $110,213 during the three months ended June 29, 2008. This impairment of goodwill is primarily attributed to lower forecasted profits of the Home and Garden Business, reflecting significant current and projected cost increases in certain raw materials used in the production of many of the lawn fertilizer and growing media products manufactured by the Company's Home and Garden Business coupled with more conservative growth rates for this business. As a result of the testing performed as of December 31, 2007, this first step indicated that the fair value of the Company's Home and Garden Business were in excess of their carrying amounts and, accordingly, no further testing of goodwill was required. As a result of the testing performed as of April 1, 2007 in connection with the Company's realignment of reportable segments this first step indicated that the fair value of the Company's North America geographic reporting unit, which is now included in the Global Batteries & Personal Care reportable segment, was less than the Company's North America reporting unit's carrying amount and, accordingly, further testing of goodwill was required to determine the impairment charge required by SFAS 142. Accordingly, the Company then compared the carrying amount of the North America reporting unit's goodwill against the respective implied fair value of goodwill. The carrying amount of the North America reporting unit's goodwill was determined to exceed its implied fair value and, therefore, the Company recorded an impairment charge equal to the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of such goodwill. As a result of this goodwill impairment analysis, the Company recorded a non-cash pretax goodwill impairment charge of approximately $214,039 during the three months ended April 1, 2007. This impairment of goodwill is primarily attributed to lower forecasted profits of the North America reporting unit, reflecting more conservative future growth rates, coupled with an increase in its carrying value during the six month period ended April 1, 2007.

The recognition of the $110,213 and $214,039 non-cash impairment of goodwill for the three months ended June 29, 2008 and April 1, 2007, respectively, recorded as a separate component of Operating expenses, has had a material negative effect on the Company's financial condition and results of operations for the three month periods ended June 29, 2008 and April 1, 2007. The impairment will not result in future cash expenditures.

In addition, in accordance with SFAS 142, as of May 25, 2008, December 31, 2007 and April 1, 2007 the Company also compared the carrying amount of indefinite-lived trade name intangible assets with their respective implied fair value. Fair value was determined using a relief from royalty methodology. Assumptions critical to the Company's fair value estimates were: (i) royalty rates; and (ii) projected average revenue growth rates. As a result of the testing performed on May 25, 2008 and December 31, 2007, the Company concluded that the implied fair values of certain trade name intangible assets related to the Home and Garden Business were less that the carrying amounts of those assets. Accordingly, the Company recorded a non-cash pretax impairment charge of $22,000 and $13,200, respectively, equal to the excess of the carrying amounts of these intangible assets over the implied fair value of such assets. These impairments of indefinite-lived intangible assets are primarily attributed to lower forecasted sales of products sold under the respective impaired trade names. As a result of the testing performed as of April 1, 2007 the Company concluded that the fair values of its trade name intangible assets were in excess of their respective carrying amounts and, hence, such assets were not impaired.

The recognition of the $22,000 and $13,200 non-cash impairment of indefinite-lived intangible assets, recorded as a separate component of Operating expenses, has had a material negative effect on the Company's financial condition and results of operations for the three month periods ended June 29, 2008 and March 30, 2008, respectively.

As more fully discussed above in Note 1, Description of Business, on May 20, 2008, the Company entered into a definitive agreement for the sale of Global Pet Supplies with Salton and Applica. The agreement was subject to a number of closing conditions, including, without limitation, consent of the Company's lenders under its senior credit facilities. The Company had been unable to obtain the consent of the lenders under its senior credit facilities, and, on July 13, 2008, the Company entered into a termination agreement with Salton and Applica to mutually terminate the definitive agreement. The Company's intent to dispose of Global Pet Supplies constituted a triggering event for impairment testing under SFAS 142 and SFAS 144. The Company estimated the fair value of Global Pet Supplies, and the resultant estimated impairment charge of goodwill, based on the negotiated sales price of Global Pet Supplies, which management deemed the best indication of fair value at that time. Accordingly, the Company recorded a non-cash pretax charge of $154,916 to reduce the carrying value of goodwill related to Global Pet Supplies in order to reflect the estimated fair value of the business as of June 29, 2008. During the fourth quarter of Fiscal 2008, the Company will complete its annual impairment testing of goodwill and indefinite-lived intangible assets pursuant to the provisions of SFAS 142 and, accordingly, any further impairment to goodwill or indefinite-lived intangible assets will be recorded at that time. The recognition of the $154,916 non-cash impairment of goodwill, recorded as a separate component of Operating expenses, has had a material negative effect on the Company's financial condition and results of operations for the three and nine months ended June 29, 2008.

During the third quarter of Fiscal 2008, the Company developed and initiated a plan to phase down, and ultimately cease, manufacturing operations at its Ningbo Baowang ("Ningbo") battery manufacturing facility in China. The Company expects manufacturing operation at Ningbo to be completely phased out by December 31, 2008. In connection with the Company's strategy to exit operations at Ningbo, the Company, in accordance with SFAS 142, recorded a non-cash pretax charge of $16,193 to reduce the carrying value of goodwill related to Ningbo. The recognition of the $16,193 non-cash impairment of goodwill, recorded as a separate component of Operating expenses, has had a material negative effect on the Company's financial condition and results of operations for the three and nine months ended June 29, 2008.

The Company's 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. Subsequent to June 29, 2008, there have been significant cost increases in certain raw materials used in the production of many of the lawn fertilizer and growing media products manufactured by the Company's Home and Garden Business, namely urea, diammonium phosphate and potash. If the cost of these commodities were to remain at, or increase from, their current levels and the Company was unable to offset or temper a significant portion of such higher costs by securing higher selling prices, implementing cost reduction programs, or a combination of both, the cash flows of the Home and Garden Business could be negatively impacted which could result in a future impairment of goodwill related to that reporting unit.

Shipping and Handling Costs: The Company incurred shipping and handling costs of $62,446 and $169,152 for the three and nine month periods ended June 29, 2008, respectively, and $57,277 and $162,195 for the three and nine month periods ended July 1, 2007, respectively. These costs are included in Selling expenses. Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company's products for shipment from its distribution facilities.

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

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represented approximately 19% of the Company's Net sales during both the three and nine month periods ended June 29, 2008, respectively, and 19% and 20% of the Company's Net sales during the three and nine month periods ended July 1, 2007. This major customer also represented approximately 22% and 11% of the Company's trade accounts receivable, net as of June 29, 2008 and September 30, 2007, respectively.

Approximately 37% and 43% of the Company's Net sales during the three and nine month periods ended June 29, 2008, respectively, and 42% and 44% of the Company's Net sales during the three and nine month periods ended July 1, 2007, respectively, occurred outside the United States. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for collectibility based on an assessment of the risks present.

Stock-Based Compensation: The Company uses or has used two forms of stock based compensation. Shares of restricted stock have been awarded to certain employees and members of management since the fiscal year ended September 30, 2001. Prior to the fourth quarter of the fiscal year ended September 30, 2004, the Company also issued stock options to employees, some of which remained unvested as of October 1, 2005, the date the Company adopted SFAS No. 123(R), *"Share Based Payment"* ("SFAS 123(R)"). Restricted stock is now the only form of stock based compensation used by the Company.

SFAS 123(R) requires the Company to recognize expense related to the fair value of its employee stock option awards. Total stock compensation expense associated with both stock options and restricted stock awards recognized by the Company during the three and nine month periods ended June 29, 2008, was $41, or $25, net of taxes, and $3,290, or $2,040, net of taxes, respectively, and during the three and nine month periods ended July 1,

SPECTRUM BRANDS, INC.

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

2007 was $10,030 and $18,656, or $6,720 and $12,500, net of taxes, respectively. The amounts before tax are included in General and administrative expenses in the Condensed Consolidated Statements of Operations (Unaudited). The Company expects that total stock compensation expense for 2008 will be approximately $5,208 before the effect of income taxes. As of June 29, 2008, there was $8,753 of unrecognized compensation cost related to restricted stock that is expected to be recognized over a weighted average period of approximately 3 years.

Stock options previously awarded generally vest under a combination of time-based and performance-based vesting criteria. Under the time-based vesting, the stock options become exercisable primarily in equal increments over a three year period, while under the performance-based vesting such options become exercisable over the same time period if certain performance criteria are met or one day prior to the end of the exercise period, if certain performance criteria are not met. The period during which such options, if vested, may be exercised generally extends ten years from the date of grant.

Restricted stock shares granted through the fiscal year ended September 30, 2006 generally have vesting periods of three to five years. Approximately 50% of the restricted stock shares are purely time-based and vest on a pro rata basis over either a three or four year vesting period and approximately 50% are time-based and performance-based. Vesting of such performance based restricted stock will occur upon achievement of certain performance goals established by the Board of Directors of the Company. Generally, performance targets consist of Earnings Per Share (“EPS”), segment Earnings Before Interest and Taxes (“EBIT”) and cash flow components. If such performance targets are not met, the performance component of a restricted stock award will not vest in the year that the performance targets applied to and instead will automatically vest one year after the originally scheduled vesting date, effectively making the award time-based. The Company recognizes amortization on the time-based component on a straight-line basis over the vesting period. The Company recognizes amortization on the performance-based component over the vesting period, assuming performance targets will not be met, unless and until it is probable that the performance targets will be met. At the point in time when it is probable that the performance target will be met, the recognition period is shortened one year to account for the accelerated vesting requirement of the performance-based component. All vesting dates are subject to the recipient’s continued employment with the Company, except as otherwise permitted by the Company’s Board of Directors or if the employee is terminated without cause.

Restricted stock shares granted in Fiscal 2007 generally have vesting periods which can range from one to five years. Approximately 89% of the shares granted are purely performance based and vest only upon the achievement of certain performance goals. Such performance goals consist of reportable segment and consolidated company Earnings Before Interest Taxes Depreciation and Amortization (“EBITDA”) and cash flow components, each as defined by the Company for purposes of such awards. The remaining shares granted in Fiscal 2007 are time based, which vest either 100% after three years or on a pro rata basis over three years. All vesting dates are subject to the recipient’s continued employment with the Company, except as otherwise permitted by the Company’s Board of Directors or if the employee is terminated without cause.

During the nine month period ended June 29, 2008, the Company granted approximately 408 shares of restricted stock. Of these grants, 158 shares are time based and vest on a pro rata basis over a three year period and 250 are purely performance based and vest only upon achievement of certain performance goals which consist of reportable segment and consolidated company EBITDA and cash flow components, each as defined by the Company for purposes of such awards. All vesting dates are subject to the recipient’s continued employment with the Company, except as otherwise permitted by the Company’s Board of Directors or if the employee is terminated without cause.

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The Company currently has one active incentive plan under which additional shares may be issued to employees as equity compensation. In 2004, the Company's Board of Directors (the "Board") adopted the 2004 Rayovac Incentive Plan ("2004 Plan"). Up to 3,500 shares of common stock, net of forfeitures and cancellations, may be issued under the 2004 Plan, which expires in July 2014. As of June 29, 2008, 2,579 restricted shares had been granted, net of forfeitures and shares surrendered by employees for payment of taxes on such awards, and 1,360 restricted shares were outstanding under the 2004 Plan. No options have been granted under the 2004 Plan.

The Company also has two expired plans under which there remain equity based awards outstanding; the 1997 Rayovac Incentive Plan ("1997 Plan"), which expired on August 31, 2007, and the 1996 Rayovac Corporation Stock Option Plan ("1996 Plan"), which expired on September 12, 2006. As of June 29, 2008 there were options with respect to 612 shares of common stock and 526 restricted shares outstanding under the 1997 Plan, and options with respect to 149 shares of common stock outstanding under the 1996 Plan. The fair value of restricted stock is determined based on the market price per share of the Company's common stock on the grant date. A summary of the status of the Company's non-vested restricted stock as of June 29, 2008 is as follows:

Restricted Stock	Shares	Weighted Average Grant Date Fair Value	Fair Value
Restricted stock at September 30, 2007	2,265	$ 15.56	$ 35,242
Granted	408	5.31	2,165
Vested	(514)	19.00	(9,769)
Forfeited	(272)	27.07	(7,366)
Restricted stock at June 29, 2008	1,887	$ 10.74	$ 20,272

The following table summarizes the stock option transactions for the nine month period ended June 29, 2008:

	Options	Weighted-Average Exercise Price
Outstanding at September 30, 2007	1,510	$ 15.82
Forfeited	(749)	16.41
Outstanding, at June 29, 2008	761	$ 15.20
Options exercisable at June 29, 2008	668	$ 15.37

The following table summarizes information about options outstanding and options outstanding and exercisable as of June 29, 2008:

	Options Outstanding			Options Outstanding and Exercisable	
Range of Exercise Prices	Number of Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
$11.32 – $14.60	589	4.02 years	$ 13.46	504	$ 13.52
$16.19 – $21.50	43	1.00	17.13	39	16.90
$21.63 – $27.13	129	1.50	22.48	125	22.34
	761	3.42	$ 15.20	668	$ 15.37

Derivative Financial Instruments: Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. When entered into, the Company formally designates the financial instrument as a hedge of a specific underlying exposure if specific criteria are met, and documents both the risk management objectives and strategies for undertaking the hedge. The Company formally assesses, both at inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or 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 fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings.

The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in Accumulated Other Comprehensive Income ("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. During the three month periods ended June 29, 2008 and July 1, 2007, $714 and $2,047 of pretax derivative losses and gains, respectively, from such hedges were recorded as an adjustment to Interest expense. During the three month periods ended June 29, 2008 and July 1, 2007, no adjustments were recorded to Interest expense for ineffectiveness from such hedges as such amounts were de minimis. During the three month period ended July 1, 2007, $1,150 of pretax derivative gains were recorded as an adjustment to Interest expense from early termination of a Euro-denominated interest rate swap. During the nine month periods ended June 29, 2008 and July 1, 2007, $1,550 and $5,792 of pretax derivative gains, respectively, from such hedges were recorded as an adjustment to Interest expense. During the nine month periods ended June 29, 2008 and July 1, 2007, no adjustments were recorded to Interest expense for ineffectiveness from such hedges as such amounts were de minimis. During the nine month period ended July 1, 2007, $1,150 of pretax derivative gains were recorded as an adjustment to Interest expense from early termination of a Euro-denominated interest rate swap. At June 29, 2008, the Company had a portfolio of USD-denominated interest rate swaps outstanding which effectively fixes the interest rates on floating rate debt, exclusive of lender spreads, at rates as follows: 4.46% for a notional principal amount of $170,000 through October 2008 and 5.49% for a notional principal amount of $225,000 through March 2010 and 3.01% for a notional principal amount of $80,000 through April 2010. In addition, the Company had a portfolio of EUR-denominated interest rate swaps outstanding which effectively fixes the interest rates on floating rate debt, exclusive of lender spreads, at rates as follows: 2.68% for a notional principal amount of €185,000 through September 2008. The derivative net loss on these contracts recorded in AOCI at June 29, 2008 was $3,932, net of tax benefit of $2,410. The derivative net gain on these contracts recorded in AOCI at September 30, 2007 was $163, net of tax expense of $100. At June 29, 2008, the portion of derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months was $3,230, net of tax benefit.

The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign denominated third-party and inter-company sales or payments. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Australian Dollars, Brazilian Reals, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales or product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. 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. During the three month periods ended June 29,

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2008 and July 1, 2007, $255 and $106 of pretax derivative losses and gains, respectively, from such hedges were recorded as an adjustment to Net sales. During the nine month periods ended June 29, 2008 and July 1, 2007, $1,629 and $644 of pretax derivative losses and gains, respectively, from such hedges were recorded as an adjustment to Net sales. During the three month periods ended June 29, 2008 and July 1, 2007, $2,885 and $1,294 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to Cost of goods sold. During the nine month periods ended June 29, 2008 and July 1, 2007, $7,583 and $1,843 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to Cost of goods sold. Following the sale or purchase, subsequent changes in the fair value of the derivative hedge contracts are recorded as a gain or loss in earnings as an offset to the change in value of the related asset or liability recorded in the Condensed Consolidated Balance Sheet (Unaudited). During the three month periods ended June 29, 2008 and July 1, 2007, $0 and $390 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. During the nine month periods ended June 29, 2008 and July 1, 2007, $0 and $1,146 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. The pretax derivative adjustment to earnings for ineffectiveness from these contracts for both the three month periods ended June 29, 2008 and July 1, 2007 was $0. The pretax derivative adjustment to earnings for ineffectiveness from these contracts for both the nine month periods ended June 29, 2008 and July 1, 2007 was $0. The derivative net loss on these contracts recorded in AOCI at June 29, 2008 was $6,992, net of tax benefit of $2,879. The derivative net loss on these contracts recorded in AOCI at September 30, 2007 was $6,010, net of tax benefit of $3,318. At June 29, 2008, the portion of derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months was $5,799, net of tax benefit.

The Company periodically enters into forward and swap foreign exchange contracts to hedge the risk from third-party and inter-company payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Brazilian Reals or Canadian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the Condensed Consolidated Balance Sheets (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. During the three month periods ended June 29, 2008 and July 1, 2007, $877 and $3,544 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. During the nine month periods ended June 29, 2008 and July 1, 2007, $16,504 and $7,576 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. At June 29, 2008, $120,000 of such foreign exchange derivative contracts were outstanding. At September 30, 2007, $125,771 of such foreign exchange derivative contracts were outstanding.

The Company is exposed to risk from fluctuating prices for raw materials, including zinc, urea and diammonium phosphate used in its manufacturing processes. The Company hedges a portion of the risk associated with these materials through the use of commodity call options and 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 call options effectively cap the floating price on a specified quantity of raw materials through a specified date. The swaps effectively fix the floating price on a specified quantity of raw materials through a specified date. During the three month periods ended June 29, 2008 and July 1, 2007, $178 and $1,788, of pretax derivative losses and gains, respectively, were recorded as an adjustment to Cost of goods sold for swap or option contracts settled at maturity. The hedges are generally effective, however, during the three month periods ended June 29, 2008 and July 1, 2007, $8 and $160, of pretax derivative gains, respectively, were recorded as an adjustment to Cost of goods sold for ineffectiveness. During the nine month periods ended June 29, 2008 and July 1, 2007, $386 and $14,101, respectively, of pretax

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derivative gains were recorded as an adjustment to Cost of goods sold for swap or option contracts settled at maturity. The hedges are generally effective, however, during the nine month periods ended June 29, 2008 and July 1, 2007, $295 and $228 of pretax derivative losses, respectively, were recorded as an adjustment to Cost of goods sold for ineffectiveness. At June 29, 2008, the Company had a series of such swap contracts outstanding through June 2010 with a contract value of $43,713. At September 30, 2007, $64,043 of such commodity contracts were outstanding. The derivative net loss on these contracts recorded in AOCI at June 29, 2008, was $4,354, net of tax benefit of $2,268. The derivative net loss on these contracts recorded in AOCI at September 30, 2007 was $1,107, net of tax benefit of $529. At June 29, 2008, the portion of derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $3,518, net of tax.

3 OTHER COMPREHENSIVE LOSS

Comprehensive income and the components of other comprehensive income, net of tax, for the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively, are as follows:

	Three Months		Nine Months	
	2008	2007	2008	2007
Net loss	$(283,862)	$ (7,388)	$(438,977)	$(263,713)
Other comprehensive income:				
Foreign currency translation	497	16,853	39,979	28,843
Adjustment of additional minimum pension liability	—	(114)	—	(1,728)
Valuation allowance adjustments	2,220	—	(2,416)	—
Pension liability adjustments	(551)	—	(345)	—
Net unrealized gain (loss) on derivative instruments	2,921	(2,765)	(8,701)	(8,421)
Net change to derive comprehensive income for the period	5,087	13,974	28,517	18,694
Comprehensive (loss) income	$(278,775)	$ 6,586	$(410,460)	$(245,019)

Net exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries are accumulated in the AOCI section of Shareholders' deficit. Also included are the effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as hedges of net foreign investments. The changes in accumulated foreign currency translation for the three and nine month periods ended June 29, 2008 and July 1, 2007 were primarily attributable to the impact of translation of the net assets of the Company's European operations, primarily denominated in Euros and Pounds Sterling.

4 NET LOSS PER COMMON SHARE

Net loss per common share for the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively, is calculated based upon the following number of shares:

	Three Months		Nine Months	
	2008	2007	2008	2007
Basic	50,897	50,753	50,923	50,827
Effect of restricted stock and assumed conversion of options	—	—	—	—
Diluted	50,897	50,753	50,923	50,827

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For the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively, the Company has not assumed the exercise of common stock equivalents as the impact would be antidilutive.

5 INVENTORIES

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

	June 29, 2008	September 30, 2007
Raw materials	$101,756	$ 102,353
Work-in-process	30,460	29,455
Finished goods	296,106	264,521
	$428,322	$ 396,329

6 GOODWILL AND ACQUIRED INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

	Global Batteries & Personal Care	Home and Garden	Global Pet Supplies	Total
Goodwill:				
Balance as of September 30, 2007	$ 129,899	$ 161,078	$ 529,750	$ 820,727
Purchase price allocation[(A), (B)]	—	(1,064)	(379)	(1,443)
Impairment charge	(16,193)	(110,213)	(154,917)	(281,323)
Effect of translation	14,599	—	26,044	40,643
Balance as of June 29, 2008	$ 128,305	$ 49,801	$ 400,498	$ 578,604
Intangible Assets:				
Trade names Not Subject to Amortization				
Balance as of September 30, 2007	$ 387,789	$ 138,400	$ 310,637	$ 836,826
Purchase price allocation[(C)]	(23,781)	—	—	(23,781)
Impairment charge	—	(35,200)	—	(35,200)
Effect of translation	19,095	—	18,339	37,434
Balance as of June 29, 2008	$ 383,103	$ 103,200	$ 328,976	$ 815,279
Intangible Assets Subject to Amortization				
Balance as of September 30, 2007, gross	$ 16,954	$ 89,450	$ 155,816	$ 262,220
Less: Accumulated amortization	(4,388)	(15,103)	(32,511)	(52,002)
Balance as of September 30, 2007, net	$ 12,566	$ 74,347	$ 123,305	$ 210,218
Additions	125	—	79	204
Amortization during period	(852)	(13,995)	(10,140)	(24,987)
Effect of translation	1,309	—	5,552	6,861
Balance as of June 29, 2008, net	$ 13,148	$ 60,352	$ 118,796	$ 192,296
Total Intangible Assets, net	$ 396,251	$ 163,552	$ 447,772	$1,007,575

(Amounts in thousands, except per share figures)

(A) During the nine month period ended June 29, 2008, the Company reduced goodwill in its Home and Garden Business segment as a result of adjustment to certain liabilities assumed in connection with the Company's February 7, 2005 acquisition of United Industries Corporation ("United") recorded in accordance with Emerging Issues Task Force ("EITF") Issue 95-3, *"Recognition of Liabilities in Connection with a Purchase Business Combination."*

(B) During the nine month period ended June 29, 2008, the Company reduced goodwill in its Global Pet Supplies segment as a result of a partial reversal of a tax contingency reserve recorded in connection with the acquisition of Tetra Holding GmbH and its affiliates and subsidiaries in the aquatics business ("Tetra").

(C) During the nine month period ended June 29, 2008, in accordance with SFAS No. 109, *"Accounting for Income Taxes,"* the Company reduced Global Batteries & Personal Care segment intangible assets as a result of the reversal in Fiscal 2008 of the valuation allowance established against net deferred tax assets at the time of the acquisition of the Company's Brazilian battery business as all prior goodwill had been written off.

Intangible assets subject to amortization include proprietary technology, customer relationship intangibles and certain trade names. The carrying value of technology assets was $34,257, net of accumulated amortization of $13,640, at June 29, 2008 and $35,635, net of accumulated amortization of $10,726, at September 30, 2007. The carrying value of customer relationship intangibles was $155,740, net of accumulated amortization of $54,693, at June 29, 2008 and $169,715, net of accumulated amortization of $35,586, at September 30, 2007. The carrying value of trade name intangibles was $2,299, net of accumulated amortization of $8,656 at June 29, 2008 and $4,868, net of accumulated amortization of $5,690 at September 30, 2007.

Of the intangible assets acquired in the United acquisition and the Company's acquisition of Jungle Laboratories Corporation ("Jungle Labs"), customer relationships and technology assets have been assigned a life of approximately 12 years and certain trade names have been assigned a life of 5 years. Of the intangible assets acquired in the Company's acquisition of Tetra, customer relationships have been assigned a life of approximately 12 years and technology assets have been assigned a 6 year life.

Amortization expense for the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively, is as follows:

	Three Months		Nine Months	
	2008	2007	2008	2007
Proprietary technology amortization	$ 998	$ 923	$ 2,914	$ 2,754
Customer relationships amortization	4,269	2,388	19,107	7,054
Trade names amortization	475	167	2,966	501
	$5,742	$3,478	$24,987	$10,309

The Company estimates annual amortization expense for the next five fiscal years will approximate $23,140 per year.

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7 DEBT

Debt consists of the following:

	June 29, 2008		September 30, 2007	
	Amount	Rate[(A)]	Amount	Rate[(A)]
Senior Subordinated Notes, due February 1, 2015	$ 700,000	7.4%	$ 700,000	7.4%
Senior Subordinated Notes, due October 1, 2013	2,873	8.5%	2,873	8.5%
Senior Subordinated Notes, due October 2, 2013	347,012	12.0%	347,012	11.3%
Term Loan B, U.S. Dollar, expiring March 30, 2013	981,377	6.7%	997,500	9.6%
Term Loan, Euro, expiring March 30, 2013	405,111	9.5%	369,855	8.8%
Revolving Credit Facility, expiring September 28, 2011	143,500	5.1%	—	—
Other notes and obligations	39,807	9.1%	28,719	5.6%
Capitalized lease obligations	15,051	4.9%	14,395	5.0%
	2,634,731		2,460,354	
Less current maturities	54,093		43,438	
Long-term debt	$2,580,638		$2,416,916	

(A) Interest rates on senior credit facilities represent the period-end weighted average rates on balances outstanding exclusive of the effects of any interest rate swaps.

Senior Credit Facilities

During the second quarter of Fiscal 2007, the Company refinanced its outstanding senior credit facilities with new senior secured credit facilities pursuant to a new senior credit agreement (the “Senior Credit Agreement”) consisting of a $1,000,000 U.S. Dollar Term B Loan facility (the “U.S. Dollar Term B Loan”), a $200,000 U.S. Dollar Term B II Loan facility (the “U.S. Dollar Term B II Loan”), a €262,000 Term Loan facility (the “Euro Facility”), and a $50,000 synthetic letter of credit facility (the “L/C Facility”). The proceeds of borrowings under the Senior Credit Agreement were used to repay all outstanding obligations under the Company’s Fourth Amended and Restated Credit Agreement, dated as of February 7, 2005, to pay fees and expenses in connection with the refinancing and the exchange offer completed on March 30, 2007 relating to certain of our senior subordinated notes and for general corporate purposes. Subject to certain mandatory prepayment events, the term loan facilities under the Senior Credit Agreement are subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued and unpaid interest, due on March 30, 2013. Letters of credit issued pursuant to the L/C Facility are required to expire, at the latest, five business days prior to March 30, 2013.

On September 28, 2007, as provided for in the Senior Credit Agreement, the Company entered into a $225,000 U.S. Dollar Asset Based Revolving Loan Facility (the “ABL Facility”) pursuant to a new credit agreement (the “ABL Credit Agreement”). The ABL Facility replaced the U.S. Dollar Term B II Loan, which was simultaneously prepaid using cash on hand generated from the Company’s operations and available cash from prior borrowings under its Senior Credit Agreement in connection with the above-referenced refinancing. The Company, at its option, may increase the existing $225,000 commitment under the ABL Facility up to $300,000 upon request to the lenders under the ABL Facility and upon meeting certain criteria specified in the ABL Credit Agreement. The ABL Facility has a maturity date of September 28, 2011, subject to certain mandatory prepayment events. As a result of the prepayment of the U.S. Dollar Term B II Loan, under the terms of the ABL Credit Agreement and borrowings under the ABL Facility during the first nine months of Fiscal

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2008, as of June 29, 2008, the Company had aggregate borrowing availability of approximately $44,822, net of lender reserves of $31,678 and outstanding letters of credit of $5,000, under the ABL Facility. As of September 30, 2007, the Company had aggregate borrowing availability of approximately $171,005, net of lenders reserves of $32,370, under the ABL Facility. References to “Senior Credit Facilities” in this Quarterly Report on Form 10-Q, refer, collectively, to the U.S. Dollar Term B Loan, the Euro Facility and the ABL Facility.

During the nine month period ended June 29, 2008, the Company repaid $22,325 of term loan indebtedness under its Senior Credit Agreement with borrowings under the ABL Facility and net proceeds from the sale of the Canadian division of the Home and Garden Business. See Note 2, Significant Accounting Policies—Discontinued Operations for further details on the sale of the Canadian division of the Home and Garden Business.

At June 29, 2008, the aggregate amount outstanding under the Company’s Senior Credit Facilities totaled a U.S. Dollar equivalent of $1,583,915, including principal amounts of $981,377 under the U.S. Dollar Term B Loan, €257,132 under the Euro Facility (USD $405,111 at June 29, 2008), and $148,500 under the ABL Facility, including $5,000 in letters of credit. Letters of credit outstanding under the L/C Facility totaled $48,927 at June 29, 2008.

The Senior Credit Agreement contains financial covenants with respect to debt, including, but not limited to, a maximum senior secured leverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the Senior Credit Agreement contains customary restrictive covenants, including, but not limited to, restrictions on the Company’s ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, the Company and its domestic subsidiaries have guaranteed their respective obligations under the Senior Credit Agreement and related loan documents and have pledged substantially all of their respective assets to secure such obligations.

The ABL Credit Agreement also contains customary restrictive covenants, including, but not limited to, restrictions on the Company’s ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, the Company and its domestic subsidiaries have guaranteed their respective obligations under the ABL Credit Agreement and related loan documents and have pledged certain of their liquid assets, including, but not limited to, deposit accounts, trade receivables and inventory to secure such obligations.

The Senior Credit Agreement and ABL Credit Agreement each provide for customary events of default, including payment defaults and cross-defaults on other material indebtedness. If an event of default occurs and is continuing under either agreement, amounts due under such agreement may be accelerated and the rights and remedies of the lenders under such agreement available under the applicable loan documents may be exercised, including rights with respect to the collateral securing the obligations under such agreement.

As of June 29, 2008, the Company was in compliance with all of the covenants under the Senior Credit Agreement and ABL Credit Agreement.

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Senior Subordinated Notes

At June 29, 2008, the Company had outstanding principal of $700,000 under its 7 3/8% Senior Subordinated Notes due 2015, outstanding principal of $2,873 under its 8 1/2% Senior Subordinated Notes due 2013, and outstanding principal of $347,012 under its Variable Rate Toggle Senior Subordinated Notes due 2013 (collectively, the "Senior Subordinated Notes"). The Variable Rate Toggle Senior Subordinated Notes due 2013 are subject to a variable rate of interest that increases semi-annually, varying depending on whether interest is paid in cash or increased principal. As of June 29, 2008, the Variable Rate Toggle Senior Subordinated Notes due 2013 bore interest at a rate of 12%.

The Company may redeem all or a part of the Variable Rate Toggle Senior Subordinated Notes due 2013 upon not less than 30 nor more than 60 days notice, at specified redemption prices. The terms of the 8 1/2% Senior Subordinated Notes due 2013 and 7 3/8% Senior Subordinated Notes due 2015 do not currently permit redemption. Further, the indentures governing the 7 3/8% Senior Subordinated Notes due 2015 and the Variable Rate Toggle Senior Subordinated Notes due 2013 require the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indentures and require prepayment in connection with certain asset sales.

The indentures governing the Senior Subordinated Notes contain customary covenants that limit the ability of the Company and certain of its subsidiaries to, among other things, incur additional indebtedness, pay dividends on or redeem or repurchase its equity interests, make certain investments, expand into unrelated businesses, create liens on assets, merge or consolidate with another company, transfer or sell all or substantially all of its assets, and enter into transactions with affiliates.

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

As of June 29, 2008, the Company was in compliance with all covenants under the Senior Subordinated Notes and the respective indentures. The Company, however, is subject to certain restrictions under the terms of the respective indentures because, due to significant restructuring charges and reduced business performance, the Company does not currently satisfy the Fixed Charge Coverage Ratio test of 2:1 under each of the indentures. Until the test is satisfied, the Company and certain of its subsidiaries are limited in their ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. The Company does not expect its inability to satisfy the Fixed Charge Coverage Ratio test to impair its ability to provide adequate liquidity to meet the short-term and long-term liquidity requirements of its existing businesses, although no assurance can be given in this regard.

SPECTRUM BRANDS, INC.

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

8 EMPLOYEE BENEFIT PLANS

The Company has various defined benefit pension plans covering some of its employees in the United States and certain employees in other countries, primarily the United Kingdom and Germany. Plans generally provide benefits of stated amounts for each year of service. The Company funds its U.S. pension plans at a level to maintain, within established guidelines, the IRS-defined 90 percent current liability funded status. At January 1, 2007, the date of the most recent calculation, all U.S. funded defined benefit pension plans reflected a current liability funded status equal to or greater than 90 percent. Additionally, in compliance with the Company's funding policy, annual contributions to non-U.S. defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries.

The Company also sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are covered by local law or coordinated with government-sponsored plans, which are not significant in the aggregate and therefore are not included in the information presented below.

The Company also has various nonqualified deferred compensation agreements with certain of its employees. Under certain of these agreements, the Company has agreed to pay certain amounts annually for the first 15 years subsequent to retirement or to a designated beneficiary upon death. It is management's intent that life insurance contracts owned by the Company will fund these agreements. Under the remaining agreements, the Company has agreed to pay such deferred amounts in up to 15 annual installments beginning on a date specified by the employee, subsequent to retirement or disability, or to a designated beneficiary upon death.

The Company's results of operations for the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively, reflect the following pension and deferred compensation benefit costs:

	Three Months		Nine Months	
Components of net periodic pension benefit and deferred compensation benefit cost	**2008**	**2007**	**2008**	**2007**
Service cost	$ 668	$ 782	$ 2,004	$ 2,347
Interest cost	1,669	1,393	5,007	4,179
Expected return on assets	(1,207)	(1,017)	(3,621)	(3,052)
Settlement and Curtailment	—	173	—	520
Amortization of prior service cost	64	64	191	191
Recognized net actuarial loss	69	156	208	468
Net periodic benefit cost	$ 1,263	$ 1,551	$ 3,789	$ 4,653

	Three Months		Nine Months	
Pension and deferred compensation contributions	**2008**	**2007**	**2008**	**2007**
Contributions made during period	$ 2,377	$ 1,782	$ 4,356	$ 2,561

Under the Rayovac postretirement plan the Company provides certain health care and life insurance benefits to eligible retired employees. Participants earn retiree health care benefits after reaching age 45 over the next 10 succeeding years of service and remain eligible until reaching age 65. The plan is contributory; retiree contributions have been established as a flat dollar amount with contribution rates expected to increase at the active medical trend rate. The plan is unfunded. The Company is amortizing the transition obligation over a 20-year period.

SPECTRUM BRANDS, INC.

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

The Company sponsors a defined contribution retirement plan for its domestic employees, which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company contributes annually from up to 4% of participants' compensation, and may make additional discretionary contributions. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Company contributions charged to operations, including discretionary amounts, for the three and nine month periods ended June 29, 2008 were $1,427 and $3,842, respectively.

Effective September 30, 2007, the Company adopted SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106 and 132(R)"* ("SFAS 158"). The recognition and disclosure provisions of this statement require recognition of the overfunded or underfunded status of defined benefit pension and postretirement plans as an asset or liability in the statement of financial position, and recognition of changes in that funded status in AOCI in the year in which the adoption occurs. The initial adoption was reflected as a $1,900 decrease to the September 30, 2007 balance of AOCI and included the elimination of the additional minimum liability, which is no longer required. In periods subsequent to the adoption of SFAS 158, adjustments to other comprehensive income will reflect prior service cost or credits and actuarial gain or loss amounts arising during the period and reclassification adjustments for amounts being recognized as components of net periodic pension benefit and deferred compensation benefit cost, net of tax, in accordance with current pension accounting rules.

The measurement date provisions of SFAS 158, which for the Company becomes effective for the fiscal year ending September 30, 2009, will require the Company to measure all of its defined benefit pension and postretirement plan assets and obligations as of September 30, its fiscal year end. The Company currently measures plan assets and obligations of its domestic pension plans as of June 30 each year and September 30 each year for its foreign pension plans and its domestic other postretirement plans. The Company is currently evaluating the impact of adopting the measurement date provisions of SFAS 158 on its consolidated financial statements.

9 INCOME TAXES

In 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires the Company to recognize in its financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company adopted the provisions of FIN 48 on October 1, 2007. As a result of the adoption of FIN 48, the Company recognized no cumulative effect adjustment. As of October 1, 2007 and June 29, 2008, the Company had approximately $7,933 and $7,337 of unrecognized tax benefits, respectively, of which approximately $4,630 and $4,768, respectively, would affect the Company's effective tax rate if recognized and approximately $2,629 and $1,900, respectively, of which would result in a reduction in goodwill if recognized. The change from October 1, 2007 to June 29, 2008 is primarily a result of the accrual of additional interest and penalties and the settlement of a tax examination in Germany as further discussed below.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of October 1, 2007 and June 29, 2008, the Company had approximately $1,525 and $1,724, respectively, of accrued interest and penalties related to uncertain tax positions.

The Company does not expect any significant increases in the unrecognized tax benefits within twelve months of the reporting date of this Quarterly Report on Form 10-Q.

SPECTRUM BRANDS, INC.

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

The Company files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions and is subject to ongoing examination by the various taxing authorities. The Company's major taxing jurisdictions are the U.S. and Germany. In the U.S., federal tax filings for years prior to and including the Company's fiscal year ended September 30, 2004 are closed. However, the federal net operating loss carryforward from the Company's fiscal year ended September 30, 2004 is subject to Internal Revenue Service ("IRS") examination until the year that such net operating loss carryforward is utilized and that year is closed for audit. The Company's fiscal years ended September 30, 2005, 2006 and 2007 remain open to examination by the IRS. Various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen.

During the nine month period ended June 29, 2008, certain of the German legal entities acquired by the Company in April, 2005 settled German tax audits for the fiscal years ended 2001 through 2004. As a result of the settlement, the Company reduced its unrecognized tax benefits by approximately $734, resulting in a reduction of goodwill of approximately $379 and the remainder of which was reclassified as a current tax liability.

The Company cannot predict the ultimate outcome of its current tax examinations. However, it is reasonably possible that during the next 12 months some portion of previously unrecognized tax benefits could be recognized.

10 SEGMENT RESULTS

In Fiscal 2007 the Company began managing its business in three vertically integrated, product-focused reporting segments; (i) Global Batteries & Personal Care; (ii) Global Pet Supplies; and (iii) the Home and Garden Business. The presentation of all historical segment reporting herein has been reclassified to conform to this segment structure.

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

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

The operating segment profits do not include restructuring and related charges, interest expense, interest income, impairment charges and income tax expense. Accordingly, corporate expenses include primarily general and administrative expenses associated with corporate overhead and global long-term incentive compensation plans. All depreciation and amortization included in income from operations is related to operating segments or corporate expense. Costs are identified to operating segments or corporate expense according to the function of each cost center.

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

SPECTRUM BRANDS, INC.

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

Segment information for the three and nine month periods ended June 29, 2008 and April 1, 2007 and at June 29, 2008 and September 30, 2007 is as follows:

	Three Months		Nine Months	
	2008	2007	2008	2007
Net sales from external customers				
Global Batteries & Personal Care	$ 344,454	$ 307,024	$ 1,070,109	$ 1,031,083
Global Pet Supplies	148,562	134,976	439,431	415,202
Home and Garden Business	236,647	217,982	471,949	459,247
Total segments	$ 729,663	$ 659,982	$ 1,981,489	$ 1,905,532

	Three Months		Nine Months	
	2008	2007	2008	2007
Segment profit				
Global Batteries & Personal Care	$ 33,230	$ 27,421	$ 104,996	$ 89,373
Global Pet Supplies	16,745	14,422	48,834	49,120
Home and Garden Business	25,917	42,280	6,284	40,795
Total segments	75,892	84,123	160,114	179,288
Corporate expense	12,457	7,543	29,962	38,664
Restructuring and related charges	19,876	30,996	30,259	58,393
Goodwill and intangibles impairment	303,323	—	316,523	214,039
Interest expense	57,106	59,378	172,499	191,477
Other expense, net	1,274	1,259	111	4,513
Loss from continuing operations before income taxes	$ (318,144)	$ (15,053)	$ (389,240)	$ (327,798)

	June 29, 2008	September 30, 2007
Segment total assets		
Global Batteries & Personal Care	$ 1,254,307	$ 1,328,802
Global Pet Supplies	1,108,635	1,202,263
Home and Garden Business	473,665	564,188
Total segments	2,836,607	3,095,253
Corporate	102,317	116,133
Total assets at period end	$ 2,938,924	$ 3,211,386

11 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 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 related

SPECTRUM BRANDS, INC.

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

functions. Restructuring and related charges reflected in Operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the functional areas described above, and other costs directly related to the initiatives implemented.

The following table summarizes restructuring and related charges incurred by segment for the three and nine month periods ended June 29, 2008 and July 1, 2007, respectively:

	Three Months		Nine Months	
	2008	2007	2008	2007
Cost of goods sold:				
Global Batteries & Personal Care	$13,874	$ 945	$14,081	$ 6,522
Global Pet Supplies	55	3,143	164	10,181
Corporate	—	28	—	28
Total restructuring and related charges in Cost of goods sold	13,929	4,116	14,245	16,731
Operating expenses:				
Global Batteries & Personal Care	3,491	6,618	8,028	13,926
Global Pet Supplies	356	2,542	1,322	6,440
Home and Garden Business	965	348	2,916	3,924
Corporate	1,135	17,372	3,748	17,372
Total restructuring and related charges in Operating expenses	5,947	26,880	16,014	41,662
Total restructuring and related charges	$19,876	$30,996	$30,259	$58,393

2008 Restructuring Initiatives

The Company implemented an initiative within the Global Batteries & Personal Care segment in China to reduce operating costs and rationalize the Company's manufacturing structure. These initiatives include the plan to exit the Company's Ningbo battery manufacturing facility in China (the "Ningbo Exit Plan"). The Company recorded $13,713 of pretax restructuring and related charges during both the three and nine month period ended June 29, 2008, respectively, in connection with the Ningbo Exit Plan. The Company has recorded pretax restructuring and related charges of $13,713 since the inception of the Ningbo Exit Plan. Costs associated with these initiatives, which are expected to be incurred through September 30, 2009, are projected at approximately $24,616.

Ningbo Exit Strategy Summary

	Other Costs
Accrual balance at September 30, 2007	$ —
Provisions	155
Accrual balance at June 29, 2008	$ 155
Expensed as incurred[(A)]	$ 13,558

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

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

2007 Restructuring Initiatives

The Company has implemented a series of initiatives within the Global Batteries & Personal Care segment in Latin America to reduce operating costs (the "Latin American Initiatives"). These initiatives, which are substantially complete, include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. The Company recorded $22 and $34 of pretax restructuring and related charges during the three and nine month period ended June 29, 2008, respectively, in connection with the Latin American Initiatives. The Company has recorded pretax restructuring and related charges of $10,958 since the inception of the Latin American Initiatives.

The following table summarizes the remaining accrual balance associated with the Latin American Initiatives and activity that have occurred during Fiscal 2008:

Latin American Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2007	$ 124	$576	$700
Provisions	—	(30)	(30)
Cash expenditures	—	(55)	(55)
Non-cash items	—	101	101
Accrual balance at June 29, 2008	$ 124	$592	$716
Expensed as incurred[(A)]	$ 64	$—	$ 64

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

In Fiscal 2007, the Company began managing its business in three vertically integrated, product-focused reporting segments; Global Batteries & Personal Care, Global Pet Supplies and the Home and Garden Business. As part of this realignment, the Company's Global Operations organization, previously included in corporate expense, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, is now included in each of the operating segments. See also Note 10, Segment Results, for additional discussion on the Company's realignment of its operating segments. In connection with these changes the Company undertook a number of cost reduction initiatives, primarily headcount reductions, at the corporate and operating segment levels (the "Global Realignment Initiatives"). The Company recorded $5,711 and $14,722 of pretax restructuring and related charges during the three and nine month period ended June 29, 2008, respectively, in connection with the Global Realignment Initiatives. Costs associated with these initiatives, which are expected to be incurred through December 31, 2008, relate primarily to severance and are projected at approximately $78,000, the majority of which will be cash costs.

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

The following table summarizes the remaining accrual balance associated with the Global Realignment Initiatives and activity that have occurred during Fiscal 2008:

Global Realignment Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2007	$ 27,477	$4,043	$ 31,520
Provisions	6,499	1,816	8,315
Cash expenditures	(13,084)	(456)	(13,540)
Non-cash items	(2,660)	(248)	(2,908)
Accrual balance at June 29, 2008	$ 18,232	$5,155	$ 23,387
Expensed as incurred(A)	$ 2,366	$4,041	$ 6,407

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

The following table summarizes the expenses as incurred during Fiscal 2008, the cumulative amount incurred to date and the total future expected costs incurred associated with the Global Realignment Initiatives by operating segment:

	Global Batteries and Personal Care	Home and Garden	Corporate	Total
Restructuring and related charges during Fiscal 2008	$ 8,058	$ 2,916	$ 3,748	$14,722
Restructuring and related charges since initiative inception	$ 37,740	$ 5,411	$ 23,841	$66,992
Total future restructuring and related charges expected	$ 4,433	$ 1,801	$ 4,744	$10,978

2006 Restructuring Initiatives

The Company implemented a series of initiatives within the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize the Company’s manufacturing structure (the “European Initiatives”). These initiatives, which are substantially complete, include the relocation of certain operations at the Ellwangen, Germany packaging center to the Dischingen, Germany battery plant, transferring private label battery production at the Company’s Dischingen, Germany battery plant to the Company’s manufacturing facility in China and restructuring its sales, marketing and support functions. The Company recorded $8 and $172 of pretax restructuring and related charges during the three and nine month period ended June 29, 2008, respectively, in connection with the European Initiatives. The Company has recorded pretax restructuring and related charges of $27,918 since the inception of the European Initiatives.

The following table summarizes the remaining accrual balance associated with the 2006 initiatives and activity that have occurred during Fiscal 2008:

European Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2007	$ 5,224	$ —	$5,224
Cash expenditures	(433)	(393)	(826)
Non-cash items	(498)	1,023	525
Accrual balance at June 29, 2008	$ 4,293	$ 630	$4,923
Expensed as incurred(A)	$ —	$ 172	$ 172

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

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

2005 Restructuring Initiatives

In connection with the acquisitions of United and Tetra in 2005, the Company implemented a series of initiatives to optimize the global resources of the combined companies. These initiatives included: integrating all of United's home and garden administrative services, sales and customer service functions into the Company's operations in Madison, Wisconsin; converting all information systems to SAP; consolidating United's home and garden manufacturing and distribution locations in North America; rationalizing the North America supply chain; and consolidating administrative, manufacturing and distribution facilities of the Company's Global Pet Supplies business. In addition, certain corporate finance functions were shifted to the Company's global headquarters in Atlanta, Georgia.

Effective October 1, 2006, initiatives to integrate the activities of the Home and Garden Business into the Company's operations in Madison, Wisconsin were suspended. The Company recorded $11 and $131 of pretax restructuring and related charges during the three and nine month period ended June 29, 2008, representing the finalization of expenditures in connection with the integration of the United home and garden business. The Company recorded pretax restructuring and related charges of $9,238 since the inception of the initiatives.

Integration activities within Global Pet Supplies were substantially complete as of September 30, 2007. Global Pet Supplies integration activities consisted primarily of the rationalization of manufacturing facilities and the optimization of the distribution network. As a result of these integration initiatives, two pet supplies facilities were closed in 2005, one in Brea, California and the other in Hazleton, Pennsylvania, one pet supply facility was closed in 2006, in Hauppauge, New York and one pet supply facility was closed in 2007 in Moorpark, California. The Company recorded $412 and $1,486 of pretax restructuring and related charges during the three and nine month period ended June 29, 2008, respectively, representing the finalization of expenditures in connection with its integration activities within the Global Pet Supplies business. The Company has recorded pretax restructuring and related charges of $33,007 since the inception of the integration activities within Global Pet Supplies.

During the fiscal year ended September 30, 2005, the Company also announced the closure of a zinc carbon manufacturing facility in France within Global Batteries and Personal Care. The Company recorded no pretax restructuring and related charges during the three month period ended June 29, 2008 in connection with this closure. The costs associated with the initiative are complete and totaled $10,955.

The following tables summarize the remaining accrual balance associated with the 2005 initiatives and activity that have occurred during Fiscal 2008:

2005 Restructuring Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2007	$ 2,747	$ 2,138	$ 4,885
Provisions	183	—	183
Cash expenditures	(1,322)	(1,101)	(2,423)
Non-cash items	(1,317)	912	(405)
Accrual balance at June 29, 2008	$ 291	$ 1,949	$ 2,240
Expensed as incurred(A)	$ 647	$ 787	$ 1,434

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

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

2005 Restructuring Initiatives Summary—Pursuant to Acquisitions(A)

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2007	$ 100	$11,770	$11,870
Cash expenditures	(82)	(2,018)	(2,100)
Non-cash expenditures	—	(2,234)	(2,234)
Accrual balance at June 29, 2008	$ 18	$ 7,518	$ 7,536

(A) Represents costs to exit activities of the acquired United and Tetra businesses. These costs, which include severance, lease termination costs, inventory disposal costs and other associated costs, relate to the closure of certain acquired Global Pet Supplies and home and garden manufacturing and distribution facilities. Such amounts are recognized as liabilities assumed as part of the United acquisition and included in the allocation of the acquisition cost in accordance with the provisions of EITF Issue 95-3.

12 COMMITMENTS AND CONTINGENCIES

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. The Company believes that any additional liability in excess of the amounts provided of approximately $3,925, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

Included in long-term liabilities assumed in connection with the acquisition of Microlite is a provision for “presumed” credits applied to the Brazilian excise tax on Manufactured Products, or “IPI taxes”. Although a previous ruling by the Brazilian Federal Supreme Court had been issued in favor of a specific Brazilian taxpayer with similar tax credits, on February 15, 2007 the Brazilian Federal Supreme Court ruled against certain Brazilian taxpayers with respect to the legality and constitutionality of the IPI “presumed” credits. This decision is applicable to all similarly-situated taxpayers. At June 29, 2008 and September 30, 2007, these amounts totaled approximately $23,323 and $32,747, respectively, and are included in Other long-term liabilities in the Condensed Consolidated Balance Sheets (Unaudited).

The Company is a defendant in various matters of litigation generally arising out of the normal course of business. Such litigation includes legal proceedings with Philips in Europe and Latin America with respect to trademark or other intellectual property rights. Effective April 1, 2008, Koninklijke Philips Electronics N.V. and Spectrum Brands, Inc., as a matter of commercial expediency, agreed not to continue to pursue litigation over the validity and infringement of the Philips’ trade marks relating to the three-headed rotary razor.

The Company is also involved in an ongoing arbitration proceeding with Tabriza Brasil Empreendimentos Ltda., Interelectrica Administração e Participações Ltda., and VARTA AG, the former owners of the Company’s subsidiary Microlite S.A., with respect to a number of matters arising out of the Company’s acquisition of Microlite, including the Company’s right to receive indemnification for various alleged breaches of representations, warranties, covenants and agreements made by the selling shareholders in the acquisition agreement and the Company’s obligation to pay additional amounts to Tabriza arising out of its earn-out rights under the acquisition agreement. The Company acquired Microlite in the Company’s fiscal year ended September 30, 2004. In November 2007, the arbitration panel resolved certain matters at the summary judgment stage. All other disputed matters remain open pending the final decision by the arbitration panel. Among the matters decided at the summary judgment stage, the arbitration panel found in favor of Tabriza with respect to the questions of whether Tabriza is entitled to receive from the Company interest on certain earn-out payments previously made and whether Tabriza is entitled to receive from the Company an additional amount with respect to the earn-out as a result of a decision issued by an independent auditor engaged by the parties to determine certain disputed matters submitted to it with respect to the earn-out calculation. The Company currently estimates that the additional earn-out amounts owed to Tabriza arising out of the decisions on these two matters, which has been reflected as additional acquisition consideration, will be at least $5,000. Such additional amount due Tabriza is included in Accrued liabilities: Other, in the Condensed Consolidated Balance Sheets (Unaudited) as of June 29, 2008 and September 30, 2007. The arbitration panel held a hearing on the remaining open matters in February 2008 and post-hearing submissions continue with respect to the proceeding. It is currently anticipated that the arbitration panel will issue its final decision prior to the end of Fiscal 2008. Determination of the total net amount owed by or payable to the Company arising out of the arbitration proceeding cannot be determined until the arbitration panel has issued its final decision.

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

13 NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”). This statement is intended to improve financial reporting of derivative instruments and hedging activities by requiring enhanced disclosures. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008. The Company does not believe the adoption of SFAS 161 will have a material impact on its financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “*Business Combinations*” (“SFAS 141(R)”). SFAS 141(R) will significantly change the accounting for future business combinations after adoption. SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquired business. SFAS 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the impact that SFAS 141(R) will have on its financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements*” (“SFAS 160”), an amendment of Accounting Research Bulletin No. 51, “Consolidated Financial Statements,” which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent’s equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company does not believe the adoption of SFAS 160 will have a material impact on its financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurements*” (“SFAS 157”). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The FASB believes SFAS 157 also responds to investors’ requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In SFAS 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under SFAS 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 for financial assets and liabilities, as well as any other assets and liabilities that are carried at fair value on a recurring basis in financial statements, are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The FASB did, however, provide a one year deferral for the implementation of SFAS 157 for other non-financial assets. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. The Company is currently evaluating the impact that SFAS 157 will have on its financial condition, results of operations and cash flows.

14 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

In connection with the acquisitions of Remington, United and Tetra, the Company completed debt offerings of Senior Subordinated Notes. Payment obligations of the Senior Subordinated Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's domestic subsidiaries.

The following consolidating financial data illustrates the components of the Condensed Consolidated Balance Sheets (Unaudited). Investments in subsidiaries are accounted for using the equity method for purposes of illustrating the consolidating presentation. Earnings of subsidiaries are therefore reflected in the Company's and Guarantor Subsidiaries' investment accounts and earnings. The elimination entries presented herein eliminate investments in subsidiaries and intercompany balances and transactions. Separate condensed consolidated financial statements of the Guarantor Subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
June 29, 2008
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 3,953	$ 3,435	$ 65,309	$ —	$ 72,697
Receivables, net	964,817	458,748	218,628	(1,208,064)	434,129
Inventories	72,213	172,558	189,475	(5,924)	428,322
Assets held for sale	—	316	8,283	—	8,600
Prepaid expenses and other	18,184	16,606	28,775	1,468	65,033
Total current assets	1,059,167	651,663	510,470	(1,212,520)	1,008,781
Property, plant and equipment, net	50,298	68,079	139,699	—	258,076
Goodwill	100	253,779	322,401	2,324	578,604
Intangible assets, net	221,555	378,950	407,258	(188)	1,007,575
Deferred charges and other	714,397	472,758	(759,549)	(380,463)	47,143
Debt issuance costs	38,745	—	—	—	38,745
Investments in subsidiaries	4,324,509	4,330,966	3,544,504	(12,199,979)	—
Total assets	$ 6,408,771	$ 6,156,195	$ 4,164,783	$ (13,790,825)	$ 2,938,924
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 102,707	$ 21	$ 40,309	$ (88,944)	$ 54,093
Accounts payable	472,466	1,064,611	134,534	(1,406,358)	265,253
Accrued liabilities	92,036	50,136	112,312	—	254,484
Total current liabilities	667,209	1,114,768	287,155	(1,495,302)	573,830
Long-term debt, net of current maturities	2,565,977	604,061	(582,804)	(6,596)	2,580,638
Employee benefit obligations, net of current portion	9,784	(633)	50,431	—	59,582
Deferred income taxes	32,820	113,490	20,741	—	167,051
Other	11,177	—	58,294	—	69,471
Total liabilities	3,286,967	1,831,686	(166,183)	(1,501,898)	3,450,572
Shareholders' equity:					
Common stock	692	451	537,967	(538,418)	692
Additional paid-in capital	672,485	1,421,969	4,287,771	(5,709,622)	672,603
Accumulated deficit	(1,167,391)	(134,198)	(617,320)	716,559	(1,202,350)
Accumulated other comprehensive income (loss)	3,692,794	3,036,287	122,548	(6,757,446)	94,183
	3,198,580	4,324,509	4,330,966	(12,288,927)	(434,872)
Less treasury stock, at cost	(76,776)	—	—	—	(76,776)
Total shareholders' equity (deficit)	3,121,804	4,324,509	4,330,966	(12,288,927)	(511,648)
Total liabilities and shareholders' equity (deficit)	$ 6,408,771	$ 6,156,195	$ 4,164,783	$ (13,790,825)	$ 2,938,924

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SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
September 30, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 11,602	$ 1,473	$ 56,778	$ —	$ 69,853
Receivables, net	266,997	292,498	137,326	(296,422)	400,399
Inventories	145,850	74,832	176,601	(954)	396,329
Assets held for sale	(22,397)	47,688	8,355	—	33,646
Prepaid expenses and other	40,699	9,305	24,702	1,468	76,174
Total current assets	442,751	425,796	403,762	(295,908)	976,401
Property, plant and equipment, net	65,427	64,351	151,790	—	281,568
Goodwill	3,298	435,603	379,502	2,324	820,727
Intangible assets, net	226,515	433,842	386,874	(187)	1,047,044
Deferred charges and other	702,934	426,867	23,446	(1,112,507)	40,740
Debt issuance costs	44,906	—	—	—	44,906
Investments in subsidiaries	5,097,465	4,326,785	3,559,881	(12,984,131)	—
Total assets	$ 6,583,296	$ 6,113,244	$ 4,905,255	$ (14,390,409)	$ 3,211,386
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 72,134	$ 30	$ 29,628	$ (58,354)	$ 43,438
Accounts payable	440,746	236,438	191,634	(589,270)	279,548
Accrued liabilities	94,728	68,622	119,820	—	283,170
Total current liabilities	607,608	305,090	341,082	(647,624)	606,156
Long-term debt, net of current maturities	2,403,531	609,706	66,730	(663,051)	2,416,916
Employee benefit obligations, net of current portion	10,531	(513)	44,451	—	54,469
Deferred income taxes	4,973	101,496	62,618	1	169,088
Other	4,997	—	63,589	(1)	68,585
Total liabilities	3,031,640	1,015,779	578,470	(1,310,675)	3,315,214
Shareholders' equity:					
Common stock	690	547	537,944	(538,491)	690
Additional paid-in capital	669,156	1,438,763	4,303,169	(5,741,814)	669,274
(Accumulated deficit) Retained earnings	(721,829)	57,938	(597,425)	497,946	(763,370)
Accumulated other comprehensive income (loss)	3,679,725	3,600,217	83,097	(7,297,375)	65,664
	3,627,742	5,097,465	4,326,785	(13,079,734)	(27,742)
Less treasury stock, at cost	(76,086)	—	—	—	(76,086)
Total shareholders' equity (deficit)	3,551,656	5,097,465	4,326,785	(13,079,734)	(103,828)
Total liabilities and shareholders' equity (deficit)	$ 6,583,296	$ 6,113,244	$ 4,905,255	$ (14,390,409)	$ 3,211,386

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SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Three Month Period Ended June 29, 2008
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 88,130	$ 388,934	$ 283,150	$ (30,551)	$ 729,663
Cost of goods sold	49,578	268,060	167,003	(30,327)	454,314
Restructuring and related charges	—	55	161	—	216
Gross profit	38,552	120,819	115,986	(224)	275,133
Operating expenses:					
Selling	17,104	70,019	69,343	64	156,530
General and administrative	22,296	10,068	16,035	—	48,399
Intangibles impairment	—	210,959	92,364	—	303,323
Research and development	3,365	1,564	1,556	—	6,985
Restructuring and related charges	1,561	1,321	16,778	—	19,660
	44,826	293,931	196,076	64	534,897
Operating (loss) income	(6,274)	(173,112)	(80,090)	(288)	(259,764)
Interest expense	44,271	5,929	6,944	(38)	57,106
Other (income) expense, net	267,748	70,384	692	(337,550)	1,274
(Loss) income before income taxes	(318,293)	(249,425)	(87,726)	337,300	(318,144)
Income tax (benefit) expense	(34,723)	18,290	(17,849)	—	(34,282)
Net (loss) income	$(283,570)	$(267,715)	$ (69,877)	$ 337,300	$ (283,862)

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SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Three Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$263,858	$ 144,016	$ 292,911	$ (40,803)	$ 659,982
Cost of goods sold	149,455	108,815	184,750	(41,019)	402,001
Restructuring and related charges	83	3,240	793	—	4,116
Gross profit	114,320	31,961	107,368	216	253,865
Operating expenses:					
Selling	55,560	19,083	65,904	(283)	140,264
General and administrative	221	(130,622)	146,894	18,196	34,689
Research and development	4,125	1,214	1,109	—	6,448
Restructuring and related charges	19,588	2,541	4,751	—	26,880
	79,494	(107,784)	218,658	17,913	208,281
Operating income (loss)	34,826	139,745	(111,290)	(17,697)	45,584
Interest expense (income)	57,508	(4,741)	6,618	(7)	59,378
Other (income) expense, net	(17,430)	105,633	1,410	(88,354)	1,259
(Loss) income from continuing operations before income taxes	(5,252)	38,853	(119,318)	70,664	(15,053)
Income tax (benefit) expense	(14,900)	13,976	(6,075)	72	(6,927)
Income (loss) from continuing operations	9,648	24,877	(113,243)	70,592	$ (8,126)
Income from discontinued operations, net of tax	738	—	—	—	738
Net income (loss)	$ 10,386	$ 24,877	$ (113,243)	$ 70,592	$ (7,388)

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SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Nine Month Period Ended June 29, 2008
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 248,335	$ 948,976	$ 884,200	$ (100,022)	$1,981,489
Cost of goods sold	136,588	687,839	529,168	(100,052)	1,253,543
Restructuring and related charges	5	164	363	—	532
Gross profit	111,742	260,973	354,669	30	727,414
Operating expenses:					
Selling	57,979	169,920	203,834	200	431,933
General and administrative	58,621	41,681	46,576	—	146,878
Intangibles impairment	—	224,159	92,364	—	316,523
Research and development	10,204	4,805	3,974	—	18,983
Restructuring and related charges	7,184	4,238	18,305	—	29,727
	133,988	444,803	365,053	200	944,044
Operating (loss) income	(22,246)	(183,830)	(10,384)	(170)	(216,630)
Interest expense	136,137	18,374	18,100	(112)	172,499
Other expense (income), net	242,785	(35,638)	(8,258)	(198,778)	111
(Loss) income from continuing operations before income taxes	(401,168)	(166,566)	(20,226)	198,720	(389,240)
Income tax expense (benefit)	37,736	17,731	(6,975)	—	48,492
(Loss) income from continuing operations	(438,904)	(184,297)	(13,251)	198,720	(437,732)
(Loss) income from discontinued operations, net of tax	(34)	(1,215)	4	—	(1,245)
Net (loss) income	$(438,938)	$(185,512)	$ (13,247)	$ 198,720	$ (438,977)

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SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Nine Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 761,589	$ 406,261	$ 886,457	$(148,775)	$1,905,532
Cost of goods sold	502,042	294,421	545,797	(149,415)	1,192,845
Restructuring and related charges	463	9,972	6,296	—	16,731
Gross profit	259,084	101,868	334,364	640	695,956
Operating expenses:					
Selling	164,374	60,419	204,280	(406)	428,667
General and administrative	(327,425)	140,805	309,026	—	122,406
Research and development	14,171	3,545	3,274	—	20,990
Goodwill impairment	214,039	—	—	—	214,039
Restructuring and related charges	27,537	5,165	8,960	—	41,662
	92,696	209,934	525,540	(406)	827,764
Operating income (loss)	166,388	(108,066)	(191,176)	1,046	(131,808)
Interest expense (income)	186,538	(13,880)	18,705	114	191,477
Other expense (income), net	315,802	182,225	(513)	(493,002)	4,513
(Loss) income from continuing operations before income taxes	(335,952)	(276,411)	(209,368)	493,934	(327,798)
Income tax expense (benefit)	(70,876)	11,299	(4,285)	(135)	(63,997)
(Loss) income from continuing operations	(265,076)	(287,710)	(205,083)	494,069	$ (263,801)
Income from discontinued operations, net of tax	88	—	—	—	88
Net (loss) income	$(264,988)	$(287,710)	$ (205,083)	$ 494,069	$ (263,713)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended June 29, 2008
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities of continuing operations	$(1,026,762)	$ 6,531	$ 19,561	$ 870,851	$ (129,819)
Net cash (used) provided by operating activities of discontinued operations	—	(296)	—	—	(296)
Net cash (used) provided by operating activities	(1,026,762)	6,235	19,561	870,851	(130,115)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(1,780)	(7,064)	(6,412)	—	(15,256)
Proceeds from sale of property, plant and equipment and investments	—	—	154	—	154
Intercompany investments	605,259	(605,259)	—	—	—
Net cash provided (used) by investing activities of continuing operations	603,479	(612,323)	(6,258)	—	(15,102)
Net cash provided by investing activities of discontinued operations	—	15,076	—	—	15,076
Net cash provided (used) by investing activities	603,479	(597,247)	(6,258)	—	(26)
Cash flows from financing activities:					
Reduction of debt	(269,015)	—	929	—	(268,086)
Proceeds from debt financing	396,000	—	—	—	396,000
Debt issuance costs	(152)	—	—	—	(152)
Treasury stock purchases	(690)	—	—	—	(690)
Proceeds from (advances related to) intercompany transactions	289,491	592,974	(11,614)	(870,851)	—
Net cash provided (used) by financing activities	415,634	592,974	(10,685)	(870,851)	127,072
Effect of exchange rate changes on cash and cash equivalents	—	—	5,913	—	5,913
Net (decrease) increase in cash and cash equivalents	(7,649)	1,962	8,531	—	2,844
Cash and cash equivalents, beginning of period	11,602	1,473	56,778	—	69,853
Cash and cash equivalents, end of period	3,953	$ 3,435	$ 65,309	$ —	$ 72,697

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities of continuing operations	$ 175,092	$ (42,252)	$ 479,915	$ (745,139)	$ (132,384)
Net cash (used) provided by operating activities of discontinued operations	—	(12,998)	—	—	(12,998)
Net cash (used) provided by operating activities	175,092	(55,250)	479,915	(745,139)	(145,382)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(6,784)	(2,365)	(9,273)	—	(18,422)
Proceeds from sale of property, plant and equipment and investments	—	—	486	—	486
Intercompany investments	(27,758)	22,758	5,000	—	—
Net cash (used) provided by investing activities	(34,542)	20,393	(3,787)	—	(17,936)
Cash flows from financing activities:					
Reduction of debt	(978,527)	—	(847,836)	—	(1,826,363)
Proceeds from debt financing	1,547,500	—	631,229	—	2,178,729
Debt issuance costs	(40,790)	—	—	—	(40,790)
Treasury stock purchases	(3,000)	—	—	—	(3,000)
Proceeds from (advances related to) intercompany transactions	(557,253)	35,160	(223,046)	745,139	—
Net cash provided (used) by financing activities	(32,070)	35,160	(439,653)	745,139	308,576
Effect of exchange rate changes on cash and cash equivalents	—	—	2,512	—	2,512
Net (decrease) increase in cash and cash equivalents	108,480	303	38,987	—	147,770
Cash and cash equivalents, beginning of period	2,676	1,376	24,378	—	28,430
Cash and cash equivalents, end of period	$ 111,156	$ 1,679	$ 63,365	$ —	$ 176,200

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

Introduction

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

In our fiscal year ended September 30, 2007 ("Fiscal 2007"), we began managing our business in three reportable segments: (i) Global Batteries & Personal Care, which consists of our worldwide battery, shaving and grooming, personal care and portable lighting business ("Global Batteries & Personal Care"); (ii) Global Pet Supplies, which consists of our worldwide pet supplies business ("Global Pet Supplies"); and (iii) the Home and Garden Business, which consists of our lawn and garden and household insect control product offerings (the "Home and Garden Business").

We have engaged advisors to assist us in exploring possible strategic options, including divesting certain assets, in order to sharpen our focus on strategic growth businesses, reduce our outstanding indebtedness and maximize long-term shareholder value. In connection with this undertaking, during the first quarter of Fiscal 2007 we approved and initiated a plan to sell our "Home and Garden Business," which at the time was organized into United States ("U.S.") and Canadian divisions. As a result of our decision to commence this process, we determined that all the criteria set forth in paragraph 30 of Statement of Financial Accounting Standards ("SFAS") No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"* ("SFAS 144") were met and in the first quarter of Fiscal 2007, we designated certain assets and liabilities related to our Home and Garden Business as held for sale and designated our Home and Garden Business as discontinued operations.

During the first and second quarters of Fiscal 2007, we engaged in substantive negotiations with a potential purchaser as to definitive terms for the purchase of the Home and Garden Business; however, the potential purchaser ultimately determined not to pursue the acquisition. We continued to actively market the Home and Garden Business after such time, however, the Fiscal 2007 selling season for our lawn and garden and household insect control product offerings was significantly negatively impacted by extremely poor weather conditions throughout the United States, resulting in poor operating performance of the Home and Garden Business. In addition, during the fourth quarter of Fiscal 2007 there was an unforeseen, rapid and significant tightening of liquidity in the U.S. credit markets. This tightening of liquidity within the credit markets had a direct impact on the expected proceeds that we would ultimately receive in connection with a sale of the Home and Garden Business. To address these issues, during the fourth quarter of Fiscal 2007 we reassessed the value of the Home and Garden Business to take into account the changes in the credit markets and the weaker than planned operating performance during the Fiscal 2007 selling season so as to ensure that the Home and Garden Business was being marketed at a price that was reasonable in relation to its current fair value. Our reassessment produced a lower range of expected sales values than was previously determined. As a result of the reassessment, we recorded an impairment charge against the Home and Garden Business during the fourth quarter of Fiscal 2007 to reflect its fair value as determined by us. Subsequent to taking the impairment charge, and thereby revising our expectations of the proceeds that would ultimately be received upon a sale of the Home and Garden Business, we continued to be in active discussions with various potential purchasers through December 30, 2007.

On November 1, 2007, we completed the sale of the Canadian division of our Home and Garden Business. See Note 2, Significant Accounting Policies—Discontinued Operations and Asset Held for Sale, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on the sale of the Canadian division of our Home and Garden Business.

During the second quarter of our fiscal year ending September 30, 2008 ("Fiscal 2008"), we determined that in view of the difficulty in predicting the timing or probability of a sale of the Home and Garden Business the requirements of SFAS 144, necessary to classify the Home and Garden Business as discontinued operations, were no longer met and that it was appropriate to present the Home and Garden Business as held and used in the

Company's continuing operations as of our second quarter of Fiscal 2008 and going forward. The presentation herein of the results of continuing operations includes our Home and Garden Business excluding the Canadian division, which, as indicated above, was sold on November 1, 2007, for all periods presented.

In the third quarter of Fiscal 2008, we entered into a definitive agreement, subject to consent of our lenders under our senior credit facilities, to sell the assets related to Global Pet Supplies. We were unable to obtain the consent of the lenders, and on July 13, 2008, we entered into a termination agreement regarding the agreement to sell Global Pet Supplies. Pursuant to the termination agreement, as a condition to the termination, we paid the potential buyer $3 million as a reimbursement of expenses.

We remain committed to exploring possible strategic options, including divesting certain assets, in order to sharpen our focus on strategic growth businesses, reduce outstanding indebtedness and maximize long-term shareholder value.

We manufacture and market alkaline, zinc carbon and hearing aid batteries, lawn fertilizers, 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. Our manufacturing and product development facilities are located in the United States, Europe, China and Latin America. Substantially all of our rechargeable batteries and chargers, shaving and grooming products, personal care products and portable lighting products are manufactured by third-party suppliers, primarily located in Asia.

We sell our products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers 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, 8in1, Spectracide, Cutter and various other brands.

Our operating performance is influenced by a number of factors including: general economic conditions; foreign exchange fluctuations; trends in consumer markets; our overall product line mix, including pricing and gross margin, which vary by product line and geographic market; pricing of raw materials and commodities; fuel prices; and our general competitive position, especially as impacted by our competitors' advertising and promotional activities and pricing strategies. Due to business seasonality, our operating results for the three and nine months ended June 29, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year ending September 30, 2008.

Results of Operations

Fiscal Quarter and Fiscal Nine Months Ended June 29, 2008 Compared to Fiscal Quarter and Fiscal Nine Months Ended July 1, 2007

In this Quarterly Report on Form 10-Q we refer to the three months ended June 29, 2008 as the "Fiscal 2008 Quarter," the nine months ended June 29, 2008 as the "Fiscal 2008 Nine Months," the three months ended July 1, 2007 as the "Fiscal 2007 Quarter" and the nine months ended July 1, 2007 as the "Fiscal 2007 Nine Months."

For the Fiscal 2007 Quarter, the Fiscal 2008 Nine Months and the Fiscal 2007 Nine Months, we have presented the Canadian division of our Home and Garden Business as discontinued operations. The Canadian division of our Home and Garden Business was sold on November 1, 2007. See Note 2, Significant Accounting Policies—Discontinued Operations, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on the sale of the Canadian division of our Home and Garden Business. As a result, and unless specifically stated, all discussions regarding the Fiscal 2008 Quarter, the Fiscal 2007 Quarter, the Fiscal 2008 Nine Months and the Fiscal 2007 Nine Months only reflect results from our continuing operations.

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Net Sales. Net sales for the Fiscal 2008 Quarter increased to $730 million from $660 million in the Fiscal 2007 Quarter, a 10.6% increase. The following table details the principal components of the change in net sales from the Fiscal 2007 Quarter to the Fiscal 2008 Quarter (in millions):

	Net Sales
Fiscal 2007 Quarter Net Sales	$ 660
Increase in Pet product sales	8
Increase in Global Batteries & Personal Care Remington branded product sales	9
Decrease in Global Batteries & Personal Care lighting product sales	(2)
Increase in Lawn and Garden product sales	15
Increase in Household Insect Control product sales	4
Increase in Global Batteries & Personal Care alkaline battery sales	6
Increase in Global Batteries & Personal Care specialty battery sales	1
Foreign currency impact, net	29
Fiscal 2008 Quarter Net Sales	$ 730

Net sales for the Fiscal 2008 Nine Months increased to $1,981 million from $1,906 million in the Fiscal 2007 Nine Months, a 4.0% increase. The following table details the principal components of the change in net sales from the Fiscal 2007 Nine Months to the Fiscal 2008 Nine Months (in millions):

	Net Sales
Fiscal 2007 Nine Months Net Sales	$ 1,906
Increase in Pet product sales	10
Decrease in Global Batteries & Personal Care Remington branded product sales	(2)
Decrease in Global Batteries & Personal Care lighting product sales	(4)
Increase in Lawn and Garden product sales	14
Decrease in Household Insect Control product sales	(1)
Decrease in Global Batteries & Personal Care alkaline battery sales	(24)
Decrease in Global Batteries & Personal Care specialty battery sales	(5)
Foreign currency impact, net	87
Fiscal 2008 Nine Months Net Sales	$ 1,981

Consolidated net sales by product line for the Fiscal 2008 Quarter, the Fiscal 2007 Quarter, the Fiscal 2008 Nine Months and the Fiscal 2007 Nine Months are as follows (in millions):

	Fiscal Quarter		Fiscal Nine Months	
	2008	2007	2008	2007
Product line net sales				
Battery sales	$218	$193	$ 655	$ 634
Lawn and Garden product sales	166	151	359	346
Pet product sales	149	135	439	415
Shaving and grooming product sales	53	52	177	194
Personal care product sales	52	39	169	133
Household insect control product sales	70	67	113	114
Lighting product sales	22	23	69	70
Total net sales to external customers	$730	$660	$ 1,981	$ 1,906

Global consumer battery sales increased $25 million in the Fiscal 2008 Quarter as compared to the Fiscal 2007 Quarter primarily due to market share gains and expanded distribution, particularly in North America. In the Fiscal 2008 Nine Months, global battery sales increased $21 million when compared to the Fiscal 2007 Nine Months. This increase was primarily driven by the benefit of approximately $50 million in foreign exchange impacts, which was tempered by lower European battery sales as the result of our continued efforts to exit from unprofitable or marginally profitable private label battery sales as well as a shift in the timing of shipments, done at the request of certain of our retailers, related to holiday displays and promotions to the fourth quarter of Fiscal 2007 from the first quarter of Fiscal 2008. Sales of portable lighting products in the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months were virtually flat versus comparable periods in the prior year as sales gains resulting from new product launches in all markets were offset by sales losses due to North American retailers maintaining lower inventory levels, primarily due to the slowing economy.

Electric shaving and grooming product sales in the Fiscal 2008 Quarter as compared to the Fiscal 2007 Quarter increased by $1 million, or 2%. In the Fiscal 2008 Nine Months, electric shaving and grooming product sales decreased $17 million, or 9%, compared to the Fiscal 2007 Nine Months due to disappointing results in the men's electric shaving category. Further contributing to the sales decrease in electric shaving and grooming products for the Fiscal 2008 Nine Months versus the same period last year is the shift in timing of shipments to certain retailers from the first quarter of Fiscal 2008 to the fourth quarter of Fiscal 2007.

Net sales of electric personal care products for the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months increased $13 million, or 33% and $36 million, or 27%, respectively, when compared to the same periods last year, driven by strong worldwide growth in our women's hair care products. We continue to see strong electric personal care growth in all geographic regions particularly in North America and Eastern Europe with high double digit percentage growth.

Pet product sales during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months versus the comparable periods in the prior year increased $14 million, or 10% and $24 million, or 6%, respectively, primarily due to growth in European and Pacific Rim aquatic sales, increases in global companion animal sales, driven by our Dingo brand, and increased volume resulting from the continued introduction of companion animal products in Europe. During the Fiscal 2008 Quarter growth in pet products sales was tempered by a slight shortfall in aquatic sales in North America of $1 million, while for the Fiscal 2008 Nine Months we saw more significant shortfalls of approximately $9 million. We do not anticipate these significant shortfalls will continue, as this decline has tapered off.

Sales of lawn and garden products in the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months versus the comparable periods in the prior year increased $15 million, or 10% and $13 million, or 4%, respectively, primarily due to price increases implemented to offset rising commodity costs. Household insect control sales for the Fiscal 2008 Quarter versus Fiscal 2007 increased $3 million, or 4%, primarily due to price increases. Household insect control sales for the Fiscal 2008 Nine Months versus Fiscal 2007 Nine Months were virtually flat, as price increases were tempered by lower inventory levels at certain of our customers.

Gross Profit. Gross profit for the Fiscal 2008 Quarter was $261 million versus $254 million for the Fiscal 2007 Quarter. Our gross profit margin for the Fiscal 2008 Quarter decreased to 35.8% from 38.5% in the Fiscal 2007 Quarter. Gross profit for the Fiscal 2008 Nine Months was $714 million versus $696 million for the Fiscal 2007 Nine Months. Our gross profit margin for the Fiscal 2008 Nine Months decreased slightly to 36.0% from 36.5% in the Fiscal 2007 Nine Months. During the Fiscal 2008 Quarter lower zinc prices, a key raw material in the production of our batteries, positively impacted gross profit $1 million and remained flat for the Fiscal 2008 Nine Months, when compared to the same periods last year. As a result of our reclassification of our Home and Garden Business from an asset held for sale to an asset held and used, during the Fiscal 2008 Nine Months we recorded a charge in cost of goods sold of $5 million associated with depreciation expense for the production related assets of that business. See *"Introduction"* above, as well as Note 1, Description of Business, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding the reclassification of our Home and Garden Business.

Cost of goods sold during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months also included restructuring and related charges of $14 million for each period, respectively, primarily attributable to the Ningbo exit strategy. See "*Restructuring and Related Charges*" below for additional information regarding this exit strategy, as well as Note 11, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges. The Fiscal 2007 Quarter and the Fiscal 2007 Nine Months included restructuring and related charges of approximately $4 million and $17 million, respectively. The restructuring and related charges incurred in the Fiscal 2007 Quarter and the Fiscal 2007 Nine Months were associated with various cost cutting initiatives in connection with the integration activities in our Global Pet Supplies business, which are substantially complete, and the rationalization of our Global Batteries & Personal Care European and Latin American manufacturing organizations. See *"Restructuring and Related Charges"* below for additional information regarding these initiatives, as well as Note 11, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Operating Expenses. Operating expenses for the Fiscal 2008 Quarter totaled $535 million versus $208 million for the Fiscal 2007 Quarter. The increase in operating expenses for the Fiscal 2008 Quarter was mainly driven by non-cash impairment charges of $303 million coupled with the negative impact related to foreign exchange of approximately $10 million and increased depreciation and amortization expense of $3 million related to the assets of the Home and Garden Business. See "*Goodwill and Intangibles Impairment*" section below, as well as Note 2, Significant Accounting Policies-Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding these impairment charges. Operating expenses for the Fiscal 2008 Nine Months totaled $944 million versus $828 million for the Fiscal 2007 Nine Months. The increase in operating expenses for the Fiscal 2008 Nine Months versus the comparable periods in the prior year was primarily driven by the increase in our non-cash impairment charges of $103 million coupled with the negative impact related to foreign exchange of approximately $30 million and an $18 million charge associated with the depreciation and amortization related to the assets of the Home and Garden Business incurred as a result of our reclassification of our Home and Garden business from discontinued operations to continuing operations. See *"Introduction"* above and *"Segment results—Home and Garden"* below, as well as Note 1, Description of Business, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding the reclassification of our Home and Garden Business. See "*Goodwill and Intangibles Impairment*" section below, as well as Note 2, Significant Accounting Policies-Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding these impairment charges.

The restructuring and related charges incurred in the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months of $6 million and $16 million, respectively, are primarily attributable to various cost reduction initiatives in connection with our global realignment announced in January 2007. The restructuring and related charges incurred in the Fiscal 2007 Quarter and the Fiscal 2007 Nine Months of $27 million and $42 million, respectively, were primarily attributable to the ongoing integration of our Global Pet Supplies business, rationalization of the sales and marketing organizations of the European and Latin American divisions of Global Batteries & Personal Care and various cost reduction initiatives in connection with our global realignment announced in January 2007 to reduce general and administrative expenses. See "*Restructuring and Related Charges*" below, as well as Note 11, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Operating (Loss) Income. We recognized operating loss of approximately $260 million and $217 million for the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively, as compared to operating income of approximately $46 million and operating loss of approximately $132 million in the Fiscal 2007 Quarter and the Fiscal 2007 Nine Months, respectively. The impact of the impairment charge and restructuring and related charges was $323 million and $347 million in the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively. The impact of the impairment charge and restructuring and related charges on operating income for the Fiscal 2007 Quarter and Fiscal 2007 Nine Months totaled $31 million and $272 million, respectively.

Segment Results. As stated above, in Fiscal 2007, we began managing our business in three reportable segments: (i) Global Batteries & Personal Care; (ii) Global Pet Supplies; and (iii) our Home and Garden Business.

Operating segment profits do not include restructuring and related charges, impairment charges, interest expense, interest income and income tax expense. In connection with the realignment of our operating segments, expenses associated with global operations, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, which were previously reflected in corporate expenses, are now included in the determination of operating segment profits. In addition, certain general and administrative expenses necessary to reflect the operating segments on a stand alone basis have been included in the determination of operating segment profits. Accordingly, corporate expenses include primarily general and administrative expenses associated with corporate overhead and global long-term incentive compensation plans.

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

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

Global Batteries & Personal Care

	Fiscal Quarter		Fiscal Nine Months	
	2008	2007	2008	2007
		(in millions)		
Net sales to external customers	$ 344	$ 307	$1,070	$1,031
Segment profit	$ 33	$ 27	$ 105	$ 89
Segment profit as a % of net sales	9.6%	8.9%	9.8%	8.7%
Assets as of June 29, 2008 and September 30, 2007	$1,254	$1,329	$1,254	$1,329

Segment net sales to external customers in the Fiscal 2008 Quarter increased to $344 million from $307 million during the Fiscal 2007 Quarter. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2008 Quarter by approximately $24 million. Battery sales for the Fiscal 2008 Quarter increased to $218 million when compared to sales of $193 million in the Fiscal 2007 Quarter. Favorable foreign currency exchange translation had a positive impact of $17 million and coupled with increases in North America of $12 million, offset decreases of $2 million in each of Latin America and Europe. The sales increases in North America primarily relates to our pick up in market share, as consumers opt for our value proposition during the weakening economic conditions in the U.S. The decrease in Latin America battery sales was primarily due to zinc carbon shortfalls in Mexico, Central America and Colombia. The decrease in European battery sales was the result of our continued efforts to exit from unprofitable or marginally profitable private label battery sales, as well as certain second tier branded battery sales. Net sales of electric shaving and grooming products in the Fiscal 2008 Quarter increased by $1 million, or 3%, from their levels in the Fiscal 2007 Quarter. This increase in sales included favorable foreign currency exchange translation of $2 million coupled with slight growth in Europe and Latin America offset by declines in North America. Net sales of electric personal care products in the Fiscal 2008 Quarter increased by $13 million, or 34%, versus the Fiscal 2007 Quarter, driven by increases in sales of our women's hair care products, where we experienced double digit percentage growth in North America and Eastern Europe. Favorable currency exchange translation had a positive impact of $9 million. Net sales of portable lighting products in Fiscal 2008 Quarter decreased slightly to $22 million from $23 million for the Fiscal 2007 Quarter as sales generated as a result of new product launches were offset by North American retailers maintaining lower inventory levels, primarily due to the slowing economy.

Segment net sales to external customers in the Fiscal 2008 Nine Months increased to $1,070 million from $1,031 million during the Fiscal 2007 Nine Months. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2008 Nine Months by approximately $74 million. Battery sales for the Fiscal 2008 Nine Months increased to $655 million when compared to sales of $634 million in the Fiscal 2007 Nine Months. Favorable foreign currency exchange translation had a positive impact of $50 million which was offset by decreases in North America, Latin America and Europe of $2 million, $4 million and $23 million, respectively. The sales decrease in North America primarily relates to the items discussed above tempered by a shift in the timing of shipments, because certain of our retailers requested an acceleration of shipments of holiday displays and promotions from the first quarter of Fiscal 2008 to the fourth quarter of 2007. The decrease in European battery sales was primarily for the same reasons as the decline during the Fiscal 2008 Quarter mentioned above. Fiscal 2008 Nine Months electric shaving & grooming net sales declined to $177 million from $194 million in the same period last year, primarily due to sales declines in North America. Fiscal 2008 Nine Months electric personal care net sales reflected strong worldwide growth of $169 million in sales, an increase of 27% over the same period last year, driven by increases in all geographic regions. Net sales of portable lighting products for the Fiscal 2008 Nine Months was virtually flat with $69 million of sales in the Fiscal 2008 Nine Months and $70 million in the Fiscal 2007 Nine Months.

Segment profitability in the Fiscal 2008 Quarter increased to $33 million from $27 million in the Fiscal 2007 Quarter. Segment profitability as a percentage of net sales increased to 9.6% in the Fiscal 2008 Quarter as compared with 8.9% in the Fiscal 2007 Quarter. The increase in segment profitability for the Fiscal 2008 Quarter was primarily the result of cost savings from our global realignment announced in January 2007. See "*Restructuring and Related Charges*" below, as well as Note 11, 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 profitability in the Fiscal 2008 Nine Months increased to $105 million from $89 million in the Fiscal 2007 Nine Months. Segment profitability as a percentage of net sales increased to 9.8% in the Fiscal 2008 Nine Months as compared with 8.7% in the comparable period last year. This increase in segment profitability was primarily due to the items discussed above.

Segment assets at June 29, 2008 decreased to $1,254 million from $1,329 million at September 30, 2007. The decrease in segment assets was primarily driven by the non-cash impairment charge related to the Ningbo manufacturing facility, partially offset by the impact of favorable foreign exchange. Goodwill and intangible assets at June 29, 2008 totaled approximately $525 million and primarily relate to the ROV Ltd., VARTA AG and Remington Products acquisitions. Included in long-term liabilities assumed in connection with the acquisition of Microlite is a provision for "presumed" credits applied to the Brazilian excise tax on manufactured products, or "IPI taxes." Although a previous ruling by the Brazilian Federal Supreme Court had been issued in favor of a specific Brazilian taxpayer with similar tax credits, on February 15, 2007 the Brazilian Federal Supreme Court ruled against certain Brazilian taxpayers with respect to the legality and constitutionality of the IPI "presumed" tax credits. This decision is applicable to all similarly-situated taxpayers. At June 29, 2008 and September 30, 2007, these amounts totaled approximately $23 million and $33 million, respectively, and are included in Other long-term liabilities in the Condensed Consolidated Balance Sheets (Unaudited) included in this Quarterly Report on Form 10-Q.

Global Pet Supplies

	Fiscal Quarter		Fiscal Nine Months	
	2008	2007	2008	2007
	(in millions)			
Net sales to external customers	$ 149	$ 135	$ 439	$ 415
Segment profit	$ 17	$ 14	$ 49	$ 49
Segment profit as a % of net sales	11.3%	10.7%	11.1%	11.8%
Assets as of June 29, 2008 and September 30, 2007	$1,109	$1,202	$1,109	$1,202

Segment net sales to external customers in the Fiscal 2008 Quarter increased to $149 million from $135 million in the Fiscal 2007 Quarter, representing an increase of 10%. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2008 Quarter by approximately $6 million. Worldwide aquatic sales for the Fiscal 2008 Quarter were slightly up to $101 million when compared to sales of $92 million in the Fiscal 2007 Quarter. Sales increases in Europe and Pacific Rim, coupled with the impact of favorable foreign currency exchange translation, of $4 million and $6 million, respectively, offset sales decreases in North America of $1 million. Companion animal net sales increased to $48 million from $42 million in the comparable period last year, representing a $6 million increase or 13%. We continue to see strong growth in U.S. and Eastern Europe.

Segment net sales to external customers in the Fiscal 2008 Nine Months increased to $439 million from $415 million in the comparable period last year, representing an increase of 6%. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2008 Nine Months by approximately $15 million. Worldwide aquatic sales for the Fiscal 2008 Nine Months were slightly up to $296 million when compared to sales of $285 million in the Fiscal 2007 Nine Months. Sales increases in Europe and Pacific Rim coupled with the impact of favorable foreign currency exchange translation of $7 million and $14 million, respectively, offset sales decreases in North America of $9 million. Companion animal net sales increased to $143 million from $130 million in the comparable period last year, representing a $13 million increase or 10%. We continue to see strong growth in companion animal sales primarily due to the items discussed above.

Segment profitability in the Fiscal 2008 Quarter increased to $17 million from $14 million in the Fiscal 2007 Quarter. Segment profitability as a percentage of sales in the Fiscal 2008 Quarter increased to 11.3% from 10.7% in the same period last year. This increase in segment profitability was primarily due to timing of expenditures offset by increased input costs. Segment profitability in the Fiscal 2008 Nine Months remained at $49 million, or 11.1% of sales, from $49 million, or 11.8% of sales, in the Fiscal 2007 Nine Months. This decrease in segment profitability margin was primarily due to the non-recurrence of a curtailment gain of approximately $3 million, related to the termination of a postretirement benefit plan, recorded in the Fiscal 2007 Nine Months coupled with the increase in input costs and unfavorable foreign exchange impacts. In connection with the higher input costs, we have implemented price increases to offset the impact of the increased costs and we anticipate that we will see the benefits of those price increases in the remaining three months of Fiscal 2008.

Segment assets as of June 29, 2008 decreased to $1,109 million from $1,202 million at September 30, 2007. The decrease is primarily attributable to the impairment of goodwill incurred during the Fiscal 2008 Quarter. See "*Goodwill and Intangible Impairment*" below as well as Note 2, Significant Accounting Policies – Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding this impairment charge. Goodwill and intangible assets as of June 29, 2008 totaled approximately $848 million and primarily relate to the acquisitions of Tetra Holding GmbH and its affiliates and subsidiaries in the aquatics business ("Tetra") and the United Pet Group division of United Industries Corporation ("United").

Home and Garden

	Fiscal Quarter		Fiscal Nine Months	
	2008	2007	2008	2007
		(in millions)		
Net sales to external customers	$ 237	$ 218	$ 472	$ 459
Segment profit	$ 26	$ 42	$ 6	$ 41
Segment profit as a % of net sales	11.0%	19.3%	1.3%	8.9%
Assets as of June 29, 2008 and September 30, 2007	$ 474	$ 564	$ 474	$ 564

Segment net sales to external customers in the Fiscal 2008 Quarter increased to $237 million from $218 million in the Fiscal 2007 Quarter, representing an increase of 9%. The Fiscal 2008 Quarter sales of lawn and garden products versus the comparable periods in the prior year increased $15 million to $166 million primarily due to higher price increases coupled with volume increases attributable to the later start of the season in Fiscal 2008. Household insect control sales for the Fiscal 2008 Quarter when compared to the Fiscal 2007 Quarter increased $3 million, or 5%, mainly driven by price increases.

Segment net sales to external customers in the Fiscal 2008 Nine Months increased to $472 million from $459 million in the comparable period last year, representing an increase of 3%. The increase in net sales was primarily due to the items discussed above.

Segment profitability in the Fiscal 2008 Quarter decreased to $26 million from $42 million in the Fiscal 2007 Quarter. Segment profitability as a percentage of sales in the Fiscal 2008 Quarter decreased to 11.0% from 19.3% in the same period last year. Segment profitability in the Fiscal 2008 Nine Months decreased to $6 million from $41 million in the Fiscal 2007 Nine Months. The decrease in segment profit for the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months was primarily due to increased commodity costs associated with the lawn and garden business, our increased investment in the Spectricide and Cutter brands, coupled with depreciation and amortization expense of $4 million and $25 million, recorded during the Fiscal 2008 Quarter and Fiscal 2008 Nine Months, respectively, while no depreciation and amortization expense was recorded in the Fiscal 2007 Quarter and Fiscal 2007 Nine Months. From October 1, 2006 through December 30, 2007, the U.S. division of our Home and Garden Business was designated as discontinued operations. In accordance with generally accepted accounting principles, while designated as discontinued operations we ceased recording depreciation and amortization expense associated with the assets of this business. As a result of our reclassification of that business to continuing operations we recorded a catch-up of depreciation and amortization expense, which totaled $17 million, for the five quarters during which this business was designated as discontinued operations. In addition, the Fiscal 2008 Quarter also includes $4 million of depreciation and amortization expense incurred during the Fiscal 2008 Quarter. See *"Introduction"* above, as well as Note 1, Description of Business, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding the reclassification of the U.S. division of our Home and Garden Business.

Segment assets as of June 29, 2008 decreased to $474 million from $564 million at September 30, 2007 primarily driven by the non-cash impairment charge related to goodwill of approximately $110 million and non-cash impairment charge related to trade names of approximately $35 million. See "*Goodwill and Intangible Impairment*" section below as well as Note 2, Significant Accounting Policies – Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding this impairment. The impairments were offset by increases associated with net trade receivables and net inventory.

Corporate Expense. Our corporate expenses in the Fiscal 2008 Quarter increased to $12 million from $8 million in the Fiscal 2007 Quarter. The increase in expense for the Fiscal 2008 Quarter is due to the non-recurrence of a $4 million charge incurred in the Fiscal 2008 Quarter related to the write off of professional fees incurred in connection with the termination of substantive negotiations with a potential purchaser of the Global Pet Business during the Fiscal 2008 Quarter. Our corporate expense as a percentage of consolidated net sales in the Fiscal 2008 Quarter increased to 1.7% from 1.1% in the Fiscal 2007 Quarter. For the Fiscal 2008 Nine Months corporate expenses decreased to $30 million from $39 million in the same period last year. The decrease in expense for the Fiscal 2008 Nine Months is primarily due to savings associated with our global realignment announced in January 2007, primarily lower executive compensation expense and other corporate overhead expense reductions tempered by the write off of professional fees incurred in connection with the termination of substantive negotiations with potential purchases of the Home and Garden Business and Global Pet Business. Our corporate expense as a percentage of consolidated net sales in the Fiscal 2008 Nine Months decreased to 1.5% from 2.0% in the Fiscal 2007 Nine Months.

Restructuring and Related Charges. See Note 11, Restructuring and Related Charges of Notes to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

The following table summarizes all restructuring and related charges we incurred in the Fiscal 2008 Quarter, Fiscal 2007 Quarter, Fiscal 2008 Nine Months and Fiscal 2007 Nine Months, respectively (in millions):

	Fiscal Quarter		Fiscal Nine Months	
	2008	2007	2008	2007
Costs included in cost of sales:				
Breitenbach, France facility closure:				
Other associated costs	—	—	—	0.2
United & Tetra integration:				
Termination benefits	—	0.1	—	0.8
Other associated costs	0.2	3.0	0.3	9.4
European Initiatives:				
Termination benefits	—	0.5	—	3.3
Other associated costs	—	—	0.2	—
Latin American Initiatives:				
Termination benefits	—	—	—	0.7
Other associated costs	—	0.1	—	1.6
Global Realignment:				
Termination benefits	—	0.4	—	0.7
Ningbo Exit Strategy:				
Other associated costs	13.7	—	13.7	—
Total included in cost of goods sold	13.9	4.1	14.2	16.7
Costs included in operating expenses:				
United & Tetra integration:				
Termination benefits	0.1	—	0.9	(0.1)
Other associated costs	0.3	2.5	0.6	6.3
European Initiatives:				
Termination benefits	—	—	—	0.8
Other associated costs	—	—	—	—
Latin American Initiatives:				
Termination benefits	—	0.2	—	0.2
Other associated costs	—	—	—	—
Global Realignment:				
Termination benefits	2.4	24.2	8.9	34.4
Other associated costs	3.2	—	5.7	0.1
Total included in operating expenses	6.0	26.9	16.1	41.7
Total restructuring and related charges	$19.9	$31.0	$ 30.3	$ 58.4

During our fiscal year ended September 30, 2005 ("Fiscal 2005"), we announced the closure of a zinc carbon manufacturing facility in France within Global Batteries and Personal Care. We recorded no pretax restructuring and related charges during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months in connection with this closure. The costs associated with the initiative are complete and totaled approximately $11 million.

In connection with the acquisitions of United and Tetra in Fiscal 2005, we implemented a series of initiatives to optimize the global resources of the combined companies. These initiatives included: integrating all of United's home and garden administrative services, sales and customer service functions into our operations in Madison, Wisconsin; converting all information systems to SAP; consolidating United's home and garden manufacturing and distribution locations in North America; rationalizing the North America supply chain; and consolidating administrative, manufacturing and distribution facilities of our Global Pet Supplies business. In addition, certain corporate finance functions were shifted to our global headquarters in Atlanta, Georgia. Effective October 1, 2006, we suspended initiatives to integrate the activities of the Home and Garden Business into our operations in Madison, Wisconsin. We recorded no pretax restructuring and related charges during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months in connection with the integration of the United home and garden business. We have recorded pretax restructuring and related charges of approximately $9 million since the inception of the initiatives.

Integration activities within Global Pet Supplies were substantially complete as of September 30, 2007. Global Pet Supplies integration activities consisted primarily of the rationalization of manufacturing facilities and the optimization of our distribution network. As a result of these integration initiatives, two pet supplies facilities were closed in 2005, one in Brea, California and the other in Hazleton, Pennsylvania, one pet supply facility was closed in 2006, in Hauppauge, New York and one pet supply facility was closed in 2007 in Moorpark, California. We recorded approximately $0.4 million and $1.5 million of pretax restructuring and related charges during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively, primarily in connection with our integration activities within Global Pet Supplies. We have recorded pretax restructuring and related charges of approximately $33 million since the inception of the integration activities within Global Pet Supplies.

We have implemented a series of initiatives in the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize our manufacturing structure (the "European Initiatives"). In connection with the European Initiatives, which are substantially complete, we implemented a series of initiatives within the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize our manufacturing structure. These initiatives include the relocation of certain operations at our Ellwangen, Germany packaging center to the Dischingen, Germany battery plant, transferring private label battery production at our Dischingen, Germany battery plant to our manufacturing facility in China and restructuring Europe's sales, marketing and support functions. We recorded approximately $0.0 million and $0.2 million of pretax restructuring and related charges during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively, in connection with the European Initiatives. We have recorded pretax restructuring and related charges of approximately $28 million since the inception of the European Initiatives.

We have implemented a series of initiatives within our Global Batteries & Personal Care business segment in Latin America to reduce operating costs (the "Latin American Initiatives"). In connection with the Latin American Initiatives, which are substantially complete, we implemented a series of initiatives within the Global Batteries & Personal Care segment in Latin America to reduce operating costs. The initiatives include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. We recorded de minimis pretax restructuring and related charges during both the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively, in connection with the Latin American Initiatives. We have recorded pretax restructuring and related charges of approximately $11 million since the inception of the Latin American Initiatives.

In Fiscal 2007, we began managing our business in three vertically integrated, product-focused reporting segments; Global Batteries & Personal Care, Global Pet Supplies and the Home and Garden Business. As part of this realignment, our global operations organization, which had previously been included in corporate expense, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, is now included in each of the operating segments. See also Note 10, Segment Results, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional discussion on the realignment of our operating segments. In connection with these changes we undertook a number of cost reduction initiatives, primarily headcount reductions, at the corporate and operating segment levels (the "Global Realignment Initiatives"). We recorded approximately $5.6 million and $14.6 million of pretax restructuring and related charges during the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months, respectively, in connection with the Global Realignment Initiatives. Costs associated with these initiatives, which are expected to be incurred through December 31, 2008, relate primarily to severance and are projected at approximately $78 million.

The following table summarizes the expenses as incurred during Fiscal 2008, the cumulative amount incurred to date and the total future expected costs incurred associated with the 2007 Global Realignment Initiatives by operating segment (in millions):

	Global Batteries and Personal Care	Home and Garden	Corporate	Total
Restructuring and related charges during Fiscal 2008	$ 8.1	$ 2.9	$ 3.7	$14.7
Restructuring and related charges since initiative inception	$ 37.7	$ 5.4	$ 23.9	$67.0
Total future restructuring and related charges expected	$ 4.4	$ 1.8	$ 4.8	$11.0

During the Fiscal 2008 Quarter, we implemented an initiative within the Global Batteries & Personal Care segment in China to reduce operating costs and rationalize our manufacturing structure. These initiatives include the exit strategy of the Ningbo Baowang battery manufacturing facility ("Ningbo") (the "Ningbo Exit Strategy"). We recorded approximately $14 million of pretax restructuring and related charges during both Fiscal 2008 Quarter and Fiscal 2008 Nine Months, respectively, in connection with the Ningbo Exit Strategy. We recorded pretax restructuring and related charges of $14 million since the inception of the Ningbo Exit Strategy. Costs associated with these initiatives, which are expected to be incurred through September 30, 2009, are projected at approximately $26 million.

Goodwill and Intangible Impairment. SFAS 142 requires companies to test goodwill and indefinite-lived intangible assets for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred. In accordance with SFAS 142, we conducted an impairment test of goodwill and indefinite-lived intangible assets as of May 25, 2008, December 31, 2007 and April 1, 2007. Goodwill and trade names were tested as of May 25, 2008 in conjunction with a change in circumstances which indicated that the carrying value of certain of the Company's reporting units may not be recoverable. As a result of these analyses we recorded a non-cash pretax goodwill impairment charge of approximately $110 million and a non-cash pretax trade name impairment charge of $22 million within our Home & Garden Business. Goodwill and trade name intangibles were tested as of December 31, 2007 as a result of our determination to reclassify the Home and Garden Business from an asset held for sale to an asset held and used as well as a change in circumstances which indicated that the carrying value of certain of the Company's reporting units may not be recoverable. As a result of these analyses we recorded a non-cash pretax impairment charge of approximately $13 million associated with trade names in our Home & Garden Business in the Fiscal 2008 Nine Months. Goodwill and trade name intangibles were tested as of April 1, 2007 in conjunction with the realignment of our reportable segments. In the Fiscal 2007 Nine Months we recorded a non-cash pretax impairment charge of approximately $214 million reflecting impaired goodwill associated with our North America reporting unit, which is included as part of our Global Batteries & Personal Care reportable segment. The impairments recorded in the Fiscal 2008 Quarter, Fiscal 2008 Nine Months and Fiscal 2007 Nine Months will not result in future cash expenditures. See Note 2, Significant Accounting Policies—Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding these impairment charges.

During the Fiscal 2008 Quarter, we approved and initiated a plan to sell the assets related to the Global Pet Supplies segment. SFAS 144 requires that long-lived assets to be disposed of by sale are recorded at the lower of their carrying value or fair value less costs to sell. Accordingly, we recorded a non-cash pretax charge of approximately $155 million to reduce the carrying value of goodwill related to Global Pet Supplies in order to reflect the estimated fair value of the business. Such estimated fair value was based on the estimated sales price of Global Pet Supplies. On July 13, 2008, we entered into a termination agreement regarding the plan to sell Global Pet Supplies. See Note 2, Significant Accounting Policies—Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding this impairment charge.

During the Fiscal 2008 Quarter, we entered into an exit strategy related to Ningbo, which manufactures products for Global Batteries and Personal Care. SFAS 144 requires that long-lived assets to be disposed of by exit are recorded at the lower of their carrying value or undiscounted cash flows. Accordingly, we recorded a non-cash pretax charge of $16 million to reduce the carrying value of goodwill related to Ningbo. See Note 2, Significant Accounting Policies—Intangible Assets, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding this impairment charge.

We use our 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. Subsequent to June 29, 2008 there have been significant cost increases in certain raw materials used in the production of many of the lawn fertilizer and growing media products used in the manufacturing by our Home and Garden Business, namely urea, diammonium phosphate and potash. If the cost of these commodities were to remain at or increase from their current levels, and we were unable to offset or temper a significant portion of such higher costs by securing higher selling prices, implementing cost reduction programs, or a combination of both, the cash flows of our Home and Garden Business could be negatively impacted which could result in a future impairment of goodwill related to that reporting unit.

Interest Expense. Interest expense in the Fiscal 2008 Quarter decreased to $57 million from $59 million in the Fiscal 2007 Quarter. Interest expense in the Fiscal 2008 Nine Months decreased to $173 million from $192 million in the Fiscal 2007 Nine Months. The decrease in the Fiscal 2008 Nine Months was primarily due to the non recurrence of the write off of debt issuance costs and prepayment premiums related to our debt refinancing in March 2007. See "*Liquidity and Capital Resources – Debt Financing Activities*" below, as well as, 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 rate from continuing operations is approximately 11% for the Fiscal 2008 Quarter and (12)% for the Fiscal 2008 Nine Months. Our effective tax rate on income from continuing operations was approximately 46% for the Fiscal 2007 Quarter and 20% for the Fiscal 2007 Nine Months. The change in our effective income tax rate for the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months is primarily a result of our decision to no longer benefit our net operating losses generated in the U.S., while at the same time being subject to tax on our income generated outside of the U.S. While we fully intend to utilize our U.S. net operating losses against income and gains generated in the future, under SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"), we, as discussed in more detail below, have determined that a full valuation allowance should be established against our net deferred tax assets in the U.S., exclusive of certain deferred tax liabilities on indefinite lived intangibles. Our effective tax rate in the Fiscal 2008 Quarter includes a one time benefit of approximately $31 million related to the reversal of the valuation allowance against our net deferred tax assets in Brazil and a charge of approximately $4 million to establish a valuation allowance against the net deferred tax assets for our Chinese manufacturing operations. In addition, our effective tax rate in the Fiscal 2008 Nine Months includes a one time charge of approximately $52 million due to an increase in the valuation allowance against our net deferred tax assets as a result of the reclassification of our Home and Garden Business from discontinued operations to continuing operations.

As of June 29, 2008, we are estimating that at September 30, 2008 we will have U.S. federal and state net operating loss carryforwards of approximately $947 million and $1,244 million, respectively, which will expire through years ending in 2028, and we will have foreign net operating loss carryforwards of approximately 91 million, which will expire beginning in 2008. As of September 30, 2007 we had U.S. federal and state net operating loss carryforwards of approximately $763 million and $1,141 million, respectively, which, at that time, were scheduled to expire through years ending in 2027. As of September 30, 2007 we had foreign net operating loss carryforwards of approximately $117 million, which will expire beginning this year. Certain of our foreign net operating losses have indefinite carryforward periods. Limitations apply to a portion of our U.S. net operating loss carryforwards in accordance with Internal Revenue Code Section 382.

The ultimate realization of our deferred tax assets depends on our ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. We establish valuation allowances for deferred tax assets when we estimate it is more likely than not that the tax assets will not be realized. We base these estimates on projections of future income, including tax planning strategies, in certain jurisdictions. Changes in industry conditions and other economic conditions may impact our ability to project future income. SFAS 109 requires the establishment of a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In accordance with SFAS 109, we periodically assess the likelihood that our deferred tax assets will be realized and determine if adjustments to the valuation allowance are appropriate. As a result of this assessment, we determined that a full valuation allowance is required against our net deferred tax assets in the U.S. and China, exclusive of certain deferred tax liabilities on indefinite lived intangibles. During the Fiscal 2008 Nine Months we increased the valuation allowance against our net deferred tax assets by approximately $71 million. The total valuation allowance, established for the tax benefit of our deferred tax assets that may not be realized, was approximately $378 million and $307 million at June 29, 2008 and September 30, 2007, respectively. Of this amount, approximately $350 million and $235 million relates to U.S. net deferred tax assets at June 29, 2008 and September 30, 2007, respectively and approximately $28 million and $72 million relates to foreign net deferred tax assets at June 29, 2008 and September 30, 2007, respectively.

In 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48 (“FIN 48”), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires that we recognize in our financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. We adopted the provisions of FIN 48 on October 1, 2007. As a result of the adoption of FIN 48, we recognized no cumulative effect adjustment. As of October 1, 2007 and June 29, 2008, we had approximately $8 million and $7 million, respectively, of unrecognized tax benefits, approximately $5 million each, respectively, of which would affect our effective tax rate if recognized and approximately $3 million and $2 million, respectively, of which would result in a reduction in goodwill if recognized. The change from October 1, 2007 to June 29, 2008 is primarily a result of the accrual of additional interest and penalties and the settlement of a tax examination in Germany.

Discontinued Operations. On November 1, 2007, we sold the Canadian division of the Home and Garden Business, which operated under the name Nu-Gro, to a new company formed by RoyCap Merchant Banking Group and Clarke Inc. Cash proceeds received at closing, net of selling expenses, totaled approximately $15 million and were used to reduce outstanding debt. These proceeds are included in net cash provided by investing activities of discontinued operations in our Condensed Consolidated Statements of Cash Flows (Unaudited) included in this Quarterly Report on Form 10-Q. On February 5, 2008, we finalized the contractual working capital adjustment in connection with this sale which increased our received proceeds by approximately $1 million. As a result of the finalization of the contractual working capital adjustments we recorded a loss on disposal of approximately $1 million, net of tax benefit.

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The following amounts related to the Canadian division of the Home and Garden Business have been segregated from continuing operations and are reflected as discontinued operations for the nine months ended June 29, 2008 and the three and nine months ended July 1, 2007, respectively:

	Three Months	Nine Months	
	2007[(A)]	2008[(B)]	2007[(A)]
Net sales	$ 40.4	$ 4.7	$ 75.0
Loss from discontinued operations before income taxes	$ 1.1	$ (1.9)	$ 0.1
Provision for income tax expense (benefit)	0.4	(0.7)	—
Income (loss) from discontinued operations, net of tax	$ 0.7	$ (1.2)	$ 0.1

(A) The three month period ended July 1, 2007 represents results from discontinued operations from April 2, 2007 through July 1, 2007. The nine month period ended July 1, 2007 represents results for the discontinued operations for October 1, 2006 through July 1, 2007.

(B) The nine month period ended June 29, 2008 represents results from discontinued operations from October 1, 2007 through November 1, 2007, the date of sale. Included in the loss for the nine month period is a loss on disposal of $1.1 million, net of tax benefit.

During the second quarter of Fiscal 2008, we determined that in view of the difficulty in predicting the timing or probability of a sale of the Home and Garden Business, the requirements of SFAS 144, necessary to classify the Home and Garden Business as discontinued operations were no longer met and that it was appropriate to present the Home and Garden Business as held and used in the Company's continuing operations in this Quarterly Report on form 10-Q for our second quarter of Fiscal 2008 and going forward.

Liquidity and Capital Resources

Operating Activities

For the Fiscal 2008 Nine Months, operating activities used $130 million in net cash as compared to using $143 million in net cash during the same period last year. The decrease is attributed to a decrease in net cash used in discontinued operations of $13 million. The $13 million decrease in cash used by operating activities from discontinued operations was due to the $13 million change in assets and liabilities held for sale associated with the Canadian division of the Home and Garden Business, which was sold on November 1, 2007. See *"Liquidity and Capital Resources – Investing Activities"* below.

Investing Activities

Net cash used by investing activities was de minimis for the Fiscal 2008 Nine Months. For the Fiscal 2007 Nine Months investing activities used net cash of $20 million. The $20 million increase was primarily due to the approximately $15 million of proceeds received in connection with the November 2007 sale of the Canadian division of our Home and Garden Business coupled with a reduction of capital expenditures related to continuing operations. In the Fiscal 2008 Nine Months continuing operations capital expenditures totaled $15 million versus $20 million in the Fiscal 2007 Nine Months. Capital expenditures for Fiscal 2008 are expected to be approximately $26 million.

Debt Financing Activities

We believe our cash flow from operating activities and periodic borrowings under our credit facilities will be adequate to meet the short-term and long-term liquidity requirements of our existing business prior to the expiration of those credit facilities, although no assurance can be given in this regard.

Senior Credit Facilities

During the second quarter of Fiscal 2007, we refinanced our outstanding senior credit facilities with new senior secured credit facilities pursuant to a new senior credit agreement (the "Senior Credit Agreement") consisting of a $1 billion U.S. Dollar Term B Loan facility (the "U.S. Dollar Term B Loan"), a $200 million U.S. Dollar Term B II Loan facility (the "U.S. Dollar Term B II Loan"), a €262 million Term Loan facility (the "Euro Facility"), and a $50 million synthetic letter of credit facility (the "L/C Facility"). The proceeds of borrowings under the Senior Credit Agreement were used to repay all outstanding obligations under our Fourth Amended and Restated Credit Agreement, dated as of February 7, 2005, to pay fees and expenses in connection with the refinancing and the exchange offer completed on March 30, 2007 relating to certain of our senior subordinated notes and for general corporate purposes. Subject to certain mandatory prepayment events, the term loan facilities under the Senior Credit Agreement are subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued and unpaid interest, due on March 30, 2013. Letters of credit issued pursuant to the L/C Facility are required to expire, at the latest, five business days prior to March 30, 2013.

On September 28, 2007, as provided for in the Senior Credit Agreement, we entered into a $225 million U.S. Dollar Asset Based Revolving Loan Facility (the "ABL Facility") pursuant to a new credit agreement (the "ABL Credit Agreement"). The ABL Facility replaced the U.S. Dollar Term B II Loan, which was simultaneously prepaid using cash on hand generated from our operations and available cash from prior borrowings under our Senior Credit Agreement in connection with the above-referenced refinancing. We may increase the existing $225 million commitment under the ABL Facility up to $300 million upon request to the lenders under the ABL Facility and upon meeting certain criteria specified in the ABL Credit Agreement. The ABL Credit Facility has a maturity date of September 28, 2011, subject to certain mandatory prepayment events. As a result of the prepayment of the U.S. Dollar Term B II Loan, under the terms of the ABL Credit Agreement and borrowings under the ABL Facility during the first nine months of Fiscal 2008, as of June 29, 2008, we had aggregate borrowing availability of approximately $45 million, net of lender reserves of $32 million and outstanding letters of credit of $5 million, under the ABL Facility. As of September 30, 2007, we had aggregate borrowing availability of approximately $171 million, net of lenders reserves of $32 million, under the ABL Facility. References to "Senior Credit Facilities" in this Quarterly Report on Form 10-Q, refer, collectively, to the U.S. Dollar Term B Loan, the Euro Facility and the ABL Facility.

During the Fiscal 2008 Nine Months, we repaid $22 million of term loan indebtedness under our Senior Credit Agreement with borrowings under the ABL Facility and net proceeds from the sale of the Canadian division of the Home and Garden Business. See Note 2, Significant Accounting Policies—Discontinued Operations, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on the sale of the Canadian division of the Home and Garden Business.

At June 29, 2008, the aggregate amount outstanding under our Senior Credit Facilities totaled a U.S. Dollar equivalent of $1,584 million, including principal amounts of $981 million under the U.S. Dollar Term B Loan, €257 million under the Euro Facility (USD $405 million at June 29, 2008) and $149 million under the ABL Facility, including $5 million in letters of credit. Letters of credit outstanding under the L/C Facility totaled $49 million at June 29, 2008.

The Senior Credit Agreement contains financial covenants with respect to debt, including, but not limited to, a maximum senior secured leverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the Senior Credit Agreement contains customary restrictive covenants, including, but not limited to, restrictions on our ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, we have guaranteed our respective obligations under the Senior Credit Agreement and related loan documents and have pledged substantially all of our respective assets to secure such obligations.

The ABL Credit Agreement also contains customary restrictive covenants, including, but not limited to, restrictions on our ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, we have guaranteed our respective obligations under the ABL Credit Agreement and related loan documents and have pledged certain of our liquid assets, including, but not limited to, deposit accounts, trade receivables and inventory to secure such obligations.

The Senior Credit Agreement and ABL Credit Agreement each provide for customary events of default, including payment defaults and cross-defaults on other material indebtedness. If an event of default occurs and is continuing under either agreement amounts due under such agreement may be accelerated and the rights and remedies of the lenders under such agreement available under the applicable loan documents may be exercised, including rights with respect to the collateral securing the obligations under such agreement.

As of June 29, 2008, we were in compliance with all of the covenants under the Senior Credit Agreement and ABL Credit Agreement.

Senior Subordinated Notes

At June 29, 2008, we had outstanding principal of $700 million under our 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015, outstanding principal of $3 million under our 8 $^{1}/_{2}$% Senior Subordinated Notes due 2013, and outstanding principal of $347 million under our Variable Rate Toggle Senior Subordinated Notes due 2013 (collectively, the “Senior Subordinated Notes”). The Variable Rate Toggle Senior Subordinated Notes due 2013 are subject to a variable rate of interest that increases semi-annually, varying depending on whether interest is paid in cash or increased principal. As of June 29, 2008, the Variable Rate Toggle Senior Subordinated Notes due 2013 bore interest at a rate of 12%.

We may redeem all or a part of the Variable Rate Toggle Senior Subordinated Notes due 2013 upon not less than 30 nor more than 60 days notice, at specified redemption prices. The terms of the 8 $^{1}/_{2}$% Senior Subordinated Notes due 2013 and 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015 do not currently permit redemption. Further, the indentures governing the 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015 and the Variable Rate Toggle Subordinated Notes due 2013 require us to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of our Company, as defined in such indentures and require prepayment in connection with certain asset sales.

The indentures governing the Senior Subordinated Notes contain customary covenants that limit our and certain of our subsidiaries’ ability to, among other things, incur additional indebtedness, pay dividends on or redeem or repurchase our equity interests, make certain investments, expand into unrelated businesses, create liens on assets, merge or consolidate with another company, transfer or sell all or substantially all of our assets, and enter into transactions with affiliates.

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

As of June 29, 2008, we were in compliance with all covenants under the Senior Subordinated Notes and the respective indentures. We, however, are subject to certain restrictions under the terms of the respective indentures because, due to significant restructuring charges and reduced business performance, we do not currently satisfy the Fixed Charge Coverage Ratio test of 2:1 under each of the indentures. Until the test is satisfied, we and certain of our subsidiaries are limited in our ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. We do not expect our inability to satisfy the Fixed Charge Coverage Ratio test to impair our ability to provide adequate liquidity to meet the short-term and long-term liquidity requirements of our existing businesses, although no assurance can be given in this regard.

Interest Payments and Fees

In addition to principal payments on our Senior Credit Facilities, we have annual interest payment obligations of approximately $43 million in the aggregate under our Variable Rate Toggle Senior Subordinated Notes due 2013, approximately $0.2 million in the aggregate under our 8 $^{1}/_{2}$% Senior Subordinated Notes due 2013 and approximately $52 million in the aggregate under our 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015. We also incur interest on our borrowings under the Senior Credit Facilities, and such interest would increase borrowings under the ABL Facility if cash were not otherwise available for such payments. Interest on the Senior Subordinated Notes is payable semi-annually in arrears and interest under the Senior Credit Facilities is payable on various interest payment dates as provided in the Senior Credit Agreement and the ABL Credit Agreement. Interest is payable in cash, except that interest under the Variable Rate Toggle Senior Subordinated Notes due 2013 may be paid by increasing the aggregate principal amount due under the subject notes, subject to certain conditions. Based on amounts currently outstanding under the Senior Credit Facilities, and using market interest rates and foreign exchange rates in effect as of June 29, 2008, we estimate annual interest payments of approximately $112 million in the aggregate under our Senior Credit Facilities would be required assuming no further principal payments were to occur and excluding any payments associated with outstanding interest rate swaps. We are required to pay certain fees in connection with the Senior Credit Facilities and the L/C Facility. Such fees include a quarterly commitment fee of 0.375% on the unused portion of the ABL Facility, certain additional fees with respect to the letter of credit subfacility under the ABL Facility and a quarterly commitment fee of 4.15% on the L/C Facility.

Equity Financing Activities

During the Fiscal 2008 Nine Months, we granted approximately 0.4 million shares of restricted stock. Of these grants, approximately 0.2 million shares are time-based and vest on a pro rata basis over a three year period and 0.2 million shares are performance-based and vest upon achievement of certain performance goals which consist of reportable and consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and cash flow components, each as defined by our Company for purposes of such awards. All vesting dates are subject to the recipient’s continued employment with us, except as otherwise permitted by our Board of Directors or if the employee is terminated without cause. The total market value of the restricted shares on the date of grant was approximately $2.2 million which has been recorded as unearned restricted stock compensation. Unearned compensation is amortized to expense over the appropriate vesting period.

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments as discussed in our Annual Report on Form 10-K for our fiscal year ended September 30, 2007.

Critical Accounting Policies and Critical Accounting Estimates

Our Condensed Consolidated Financial Statements (Unaudited) have been prepared in accordance with generally accepted accounting principles in the United States of America and fairly present our financial position and results of operations. There have been no material changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for our fiscal year ended September 30, 2007.

Recently Issued Accounting Standards

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." This statement is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008. We do not believe that adopting SFAS 161 will have a material impact on our financial position, results of operations and cash flows.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The FASB believes SFAS 157 also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In SFAS 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under SFAS 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 for financial assets and liabilities, as well as any other assets and liabilities that are carried at fair value on a recurring basis in financial statements, are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The FASB did, however, provide a one year deferral for the implementation of SFAS 157 for other non-financial assets. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. We are currently evaluating the impact that SFAS 157 will have on our financial condition, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), *"Business Combinations"* ("SFAS 141(R)"). SFAS 141(R) will significantly change the accounting for future business combinations after adoption. SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquired business. SFAS 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We are currently evaluating the impact that SFAS 141(R) will have on our financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statements*" ("SFAS 160"), an amendment of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," which changes the accounting and reporting for minority interests. Under SFAS 160, minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS 160 is effective for fiscal years beginning after December 15, 2008. We do not believe that adopting SFAS 160 will have a material impact on our financial position, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Factors

We have market risk exposure from changes in interest rates, foreign currency exchange rates and commodity prices. We use derivative financial instruments for purposes other than trading to mitigate the risk from such exposures.

A discussion of our accounting policies for derivative financial instruments is included in Note 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Significant Accounting Policies—Derivative Financial Instruments."

Interest Rate Risk

We have bank lines of credit at variable interest rates. The general level of U.S. interest rates, LIBOR and Euro LIBOR affect interest expense. We use interest rate swaps to manage such risk. The net amounts to be paid or received under interest rate swap agreements are accrued as interest rates change, and are recognized over the life of the swap agreements as an adjustment to interest expense from the underlying debt to which the swap is designated. The related amounts payable to, or receivable from, the contract counter-parties are included in accrued liabilities or accounts receivable.

Foreign Exchange Risk

We are subject to risk from sales and loans to and from our subsidiaries as well as sales to, purchases from and bank lines of credit with, third-party customers, suppliers and creditors, respectively, denominated in foreign currencies. Foreign currency sales and purchases are made primarily in Euro, Pounds Sterling, Brazilian Reals and Canadian Dollars. We manage our foreign exchange exposure from anticipated sales, accounts receivable, intercompany loans, firm purchase commitments, accounts payable and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency), forward foreign exchange contracts, foreign exchange rate swaps and foreign exchange options. The related amounts payable to, or receivable from, the contract counter-parties are included in accounts payable or accounts receivable.

Commodity Price Risk

We are exposed to fluctuations in market prices for purchases of zinc, urea and diammonium phosphate used in the manufacturing process. We use commodity swaps, calls and puts to manage such risk. The maturity of, and the quantities covered by, the contracts are closely correlated to our anticipated purchases of the commodities. The cost of calls, and the premiums received from the puts, are amortized over the life of the contracts and are recorded in cost of goods sold, along with the effects of the swap, put and call contracts. The related amounts payable to, or receivable from, the counter-parties are included in accounts payable or accounts receivable.

Sensitivity Analysis

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

As of June 29, 2008, the potential change in fair value of outstanding interest rate derivative instruments, assuming a 1 percentage point unfavorable shift in the underlying interest rates would be a loss of $4.0 million. The net impact on reported earnings, after also including the reduction in one year's interest expense on the related debt due to the same shift in interest rates, would be a net gain of $11.0 million.

As of June 29, 2008, 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 $30.5 million. The net impact on reported earnings, after also including the effect of the change in the underlying foreign currency-denominated exposures, would be a net gain of $0.5 million.

As of June 29, 2008, the potential change in fair value of outstanding commodity price derivative instruments, assuming a 10% unfavorable change in the underlying commodity prices would be a loss of $3.1 million. The net impact on reported earnings, after also including the reduction in cost of one year's purchases of the related commodities due to the same change in commodity prices, would be a net gain of $6.2 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 Securities and Exchange Commission (the "SEC") rules and forms, and is accumulated and communicated to the Company's management, including the Company's 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. The Company's 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

Effective April 1, 2008, Koninklijke Philips Electronics N.V. and Spectrum Brands, Inc., as a matter of commercial expediency, agreed not to continue to pursue litigation over the validity and infringement of the Philips' trade marks relating to the three-headed rotary razor.

We are also involved in an ongoing arbitration proceeding with Tabriza Brasil Empreendimentos Ltda., Interelectrica Administração e Participações Ltda., and VARTA AG, the former owners of our subsidiary Microlite S.A., with respect to a number of matters arising out of our acquisition of Microlite, including our right to receive indemnification for various alleged breaches of representations, warranties, covenants and agreements made by the selling shareholders in the acquisition agreement and our obligation to pay additional amounts to Tabriza arising out of its earn-out rights under the acquisition agreement. We acquired Microlite in our fiscal year ended September 30, 2004. In November 2007, the arbitration panel resolved certain matters at the summary judgment stage. All other disputed matters remain open pending the final decision by the arbitration panel. Among the matters decided at the summary judgment stage, the arbitration panel found in favor of Tabriza with respect to the questions of whether Tabriza is entitled to receive from us interest on certain earn-out payments previously made and whether Tabriza is entitled to receive from us an additional amount with respect to the earn-out as a result of a decision issued by an independent auditor engaged by the parties to determine certain disputed matters submitted to it with respect to the earn-out calculation. We currently estimate that the additional earn-out amounts owed to Tabriza arising out of the decisions on these two matters, which has been reflected as additional acquisition consideration, will be at least $5 million. Such additional amount due Tabriza is included in Accrued liabilities: Other in the Condensed Consolidated Balance Sheets (Unaudited) as of June 29, 2008 and September 30, 2007 included in this Quarterly Report on Form 10-Q. The arbitration panel held a hearing on the remaining open matters in February 2008 and post-hearing submissions continue with respect to the proceeding. It is currently anticipated that the arbitration panel will issue its final decision prior to the end of the current fiscal year. Determination of the total net amount owed by or payable to us arising out of the arbitration proceeding cannot be determined until the arbitration panel has issued its final decision.

There have been no other material developments in the status of our legal proceedings since the filing of our Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

Item 1A. Risk Factors

Forward-Looking Statements

We have made or implied certain forward-looking statements in this Quarterly Report on Form 10-Q. All statements, other than statements of historical facts included in this Quarterly Report on Form 10-Q, including the statements under “Management's Discussion and Analysis of Financial Condition and Results of Operations” regarding our business strategy, future operations, financial position, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words “anticipate,” “intend,” “plan,” “estimate,” “believe,” “expect,” “project,” “could,” “will,” “should,” “may” and similar expressions are also intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Since these forward-looking statements are based upon current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation:

- the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;

- any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;
- the impact of unusual expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities;
- the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers;
- interest rate and exchange rate fluctuations;
- the loss of, or a significant reduction in, sales to a significant retail customer;
- competitive promotional activity or spending by competitors or price reductions by competitors;
- the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands;
- the effects of general economic conditions, including inflation, recession or fears of a recession, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where we do business;
- changes in consumer spending preferences and demand for our products;
- our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties;
- our ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings;
- the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations);
- public perception regarding the safety of our products, including the potential for environmental liabilities, product liability claims, litigation and other claims;
- changes in accounting policies applicable to our business;
- government regulations;
- the seasonal nature of sales of certain of our products;
- the effects of climate change and unusual weather activity; and
- the effects of political or economic conditions, terrorist attacks, acts of war or other unrest in international markets.

Some of the above-mentioned factors are described in further detail in the section entitled “Risk Factors” set forth below. You should assume the information appearing in this Quarterly Report on Form 10-Q is accurate only as of June 29, 2008 or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since that date. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise to reflect actual results or changes in factors or assumptions affecting such forward-looking statement.

RISK FACTORS

Any of the following factors could materially and adversely affect our business, financial condition and results of operations and the risks described below are not the only risks that we may face. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially and adversely affect our business, financial condition or results of operations.

Our substantial indebtedness could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the terms of our indebtedness.

We have, and we will continue to have, a significant amount of indebtedness. As of June 29, 2008, we had total indebtedness of approximately $2.6 billion.

Our substantial indebtedness could make it more difficult for us to satisfy our obligations with respect to the terms of our indebtedness and has had and could continue to have other material adverse consequences for our business, including:

- require us to dedicate a large portion of our cash flow to pay principal and interest on our indebtedness, which will reduce the availability of our cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from making strategic acquisitions, dispositions or exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds (even when necessary to maintain adequate liquidity) or dispose of assets.

In addition, a portion of our debt bears interest at variable rates. If market interest rates increase, the interest rate on our variable-rate debt will increase and will create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

The terms of our indebtedness impose restrictions on us that may affect our ability to successfully operate our business.

Our Senior Credit Facilities, as defined in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Debt Financing Activities,” and the indentures governing our outstanding Senior Subordinated Notes each contain covenants that, among other things, limit our ability to:

- incur additional indebtedness;
- borrow money or sell preferred stock;
- create liens;
- pay dividends on or redeem or repurchase stock;
- make certain types of investments;
- issue or sell stock in our subsidiaries;
- restrict dividends or other payments from our subsidiaries;

- issue guarantees of debt;
- transfer or sell assets and utilize proceeds of any such sales;
- enter into agreements that restrict our restricted subsidiaries from paying dividends, making loans or otherwise transferring assets to us or to any of our other restricted subsidiaries;
- enter into or engage in transactions with affiliates; or
- merge, consolidate or sell all or substantially all of our assets.

In addition, both the Senior Credit Agreement, as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt Financing Activities," and the indentures governing the Senior Subordinated Notes contain covenants which require us to meet a number of financial ratios and tests. Noncompliance with these covenants could materially and adversely affect our ability to finance our operations or capital needs and to engage in other business activities that may be in our best interest and may also restrict our ability to expand or pursue our business strategies. We may not be able to comply with all of our covenants and obligations in all our debt instruments.

We may not be able to generate sufficient cash flow to make payments on or pay down our debt.

Our inability to generate sufficient cash flow to make payments on our debt or to comply with any of the covenants under our debt instruments could result in a default under the indentures governing our Senior Subordinated Notes and/or our Senior Credit Facilities. Such an event of default under our debt agreements would permit lenders or noteholders, as the case may be, to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest.

Additionally, if we fail to repay the debt under the Senior Credit Facilities when it becomes due, the lenders under the Senior Credit Facilities could proceed against certain of our assets and capital stock which we have pledged to them as security. If the lenders under the Senior Credit Facilities caused all amounts borrowed under these instruments to be due and payable immediately, all amounts outstanding under our Senior Subordinated Notes would also be subject to acceleration by action of either the trustee under the respective indentures governing those notes or the respective holders of at least 25% in principal amount of the respective notes outstanding. In the event of a default and acceleration, our assets and cash flow may not be sufficient to repay borrowings under our outstanding debt instruments.

We may increase the principal amount of our outstanding Variable Rate Toggle Senior Subordinated Notes due 2013 in lieu of making cash interest payments.

With respect to our $347 million aggregate principal amount Variable Rate Toggle Senior Subordinated Notes due 2013 (the "New Notes"), on any interest payment date prior to October 2, 2010, the Company may, at its option and subject to certain conditions related to the trading price of its common stock, pay interest due on any semi-annual interest payment date by increasing the principal amount of such outstanding New Notes pro-rata by the amount of interest then payable. Any increase in the aggregate outstanding principal amount of the New Notes will subject the Company to higher interest payments and increased indebtedness exposure in future periods and could have the adverse effects described above in the preceding risk factors.

We have retained a financial advisor to assist us in evaluating strategic options that may be available to us, including the possibility of sales of various assets; however, we may not be able to successfully consummate any such asset sale on a timely basis, on terms acceptable to us or at all.

We continue to explore possible strategic options, including divesting certain assets, in order to sharpen our focus on strategic growth businesses, reduce our outstanding indebtedness and maximize long-term shareholder value. In connection with this undertaking, during the first quarter of Fiscal 2007 we approved and initiated a plan to sell our Home and Garden Business. However, during the second quarter of Fiscal 2008, we determined that in view of the difficulty in predicting the timing or probability of a sale of the Home and Garden Business, it was appropriate to present the Home and Garden Business as held and used in the Company's continuing operations in this Quarterly Report on form 10-Q and going forward. Also in connection with this process, during the fourth quarter of Fiscal 2007, we announced plans to pursue the potential sale of another strategic asset; however, we subsequently determined to postpone the strategic asset sale process due to the challenging liquidity conditions in the current credit market. In the third quarter of Fiscal 2008, we entered into a definitive agreement for the sale of Global Pet Supplies with Salton Inc. ("Salton") and Applica Pet Products LLC ("Applica"), each controlled affiliates of Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. The agreement was subject to a number of closing conditions, including, without limitation, consent of our lenders under our senior credit facilities. We were unable to obtain the consent of the lenders, and, on July 13, 2008, we entered into a termination agreement with Salton and Applica to mutually terminate the definitive agreement. Regardless of these events, the Company remains committed to exploring possible strategic options, including divesting certain assets, in order to sharpen the Company's focus on strategic growth businesses, reduce outstanding indebtedness and maximize long-term shareholder value. Even if we are able to identify a suitable disposition opportunity or other strategic option, we may not be able to successfully divest any assets on terms and conditions and in a timeframe favorable to the Company, or at all.

Recent negative economic conditions and consumer fears of a recession could impact sales of our products.

Our ability to generate revenue, in particular from sales of our pet supplies, electric shaving and grooming and electric personal care products, depends significantly on discretionary consumer spending. In an economic downturn, discretionary consumer spending generally declines, and sales of certain products viewed as non-necessities may be disproportionately negatively impacted. The recent emergence of a number of negative economic factors, including heightened investor concerns about the credit quality of mortgages, constraints on the supply of credit to households, continuing increases in energy prices, lower equity prices, softening home values, uncertainty and perceived weakness in the labor market and general consumer fears of a recession could have a negative impact on discretionary consumer spending in Fiscal 2008 and beyond. In recent months, the housing, residential construction and home improvement markets have deteriorated dramatically. Such deterioration has contributed to lower spending on landscaping, which we believe has negatively impacted and could continue to negatively impact sales of our home and garden products. Any significant decrease in discretionary consumer spending could have a material adverse effect on our revenues, results of operations and financial condition.

We participate in very competitive markets and we may not be able to compete successfully.

The markets in which we participate are very competitive. In the consumer battery market, our primary competitors are Duracell (a brand of Procter & Gamble), Energizer and Panasonic (a brand of Matsushita). In the electric shaving and grooming and electric personal care product markets, our primary competitors are Braun (a brand of Procter & Gamble), Norelco (a brand of Philips), and Vidal Sassoon and Revlon (brands of Helen of Troy). In the pet supplies market, our primary competitors are The Hartz Mountain Corporation and Central Garden & Pet Company. In our Home and Garden Business our principal national competitors are The Scotts Company, Central Garden & Pet Company and S.C. Johnson. In each of our markets, we also face competition from numerous other companies.

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

- We compete against many well-established companies that may have substantially greater financial and other resources, including personnel and research and development, and greater overall market share than we do.

- In some key product lines, our competitors may have lower production costs and higher profit margins than we do, which may enable them to compete more aggressively in offering retail discounts, rebates and other promotional incentives.
- Product improvements or effective advertising campaigns by competitors may weaken consumer demand for our products.
- Consumer purchasing behavior may shift to distribution channels where we do not have a strong presence.
- Consumer preferences may change to lower margin products or products other than those we market.

If our product offerings are unable to compete successfully, our sales, results of operations and financial condition could be materially and adversely affected.

Adverse weather conditions during our peak selling season for our lawn and garden and household insecticide and repellent products could have a material adverse effect on the Home and Garden Business.

Weather conditions in North America have a significant impact on the timing and volume of sales of certain of our lawn and garden and household insecticide and repellent products. Periods of dry, hot weather can decrease insecticide sales, while periods of cold and wet weather can slow sales of herbicides and fertilizers. In addition, an abnormally cold spring throughout North America could adversely affect both fertilizer and insecticide sales and therefore have a material adverse effect on the Home and Garden Business.

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

The principal raw materials used to produce our products—including granular urea, zinc powder, electrolytic manganese dioxide powder and steel—are sourced either on a global or regional basis, and the prices of those raw materials are susceptible to price fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations, duties and tariffs, changes in currency exchange rates, price controls, general economic conditions and other unforeseen circumstances. In particular, during 2007 we experienced extraordinary price increases for raw materials, particularly as a result of strong demand from China. We expect that prices for raw materials will continue to rise during 2008.

We regularly engage in forward purchase and hedging derivative transactions in an attempt to effectively manage and stabilize some of the raw material costs we expect to incur over the next 12 to 24 months, however, our hedging positions may not be effective or may not anticipate beneficial trends in a particular raw material market. If these efforts are not effective or expose us to above average costs for an extended period of time and we are unable to pass our raw materials costs on to our customers, our future profitability may be materially and adversely affected. Further, with respect to transportation costs, certain modes of delivery are subject to fuel surcharges which are determined based upon the current cost of diesel fuel in relation to pre-established agreed upon costs. We may be unable to pass these fuel surcharges on to our customers which may have an adverse effect on our profitability and results of operations.

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

Consolidation of retailers and our dependence on a small number of key customers for a significant percentage of our sales may negatively affect our profits.

Retail sales of the consumer products we market have been increasingly consolidated into a small number of regional and national mass merchandisers. This trend towards consolidation is occurring on a worldwide basis. As a result of this consolidation, a significant percentage of our sales are attributable to a very limited group of retailer customers, including Wal-Mart, The Home Depot, Carrefour, Target, Lowe's, PetSmart, Canadian Tire, PetCo and Gigante. Wal-Mart, our largest retailer customer, accounted for approximately 19% of net consolidated sales in both the Fiscal 2008 Quarter and the Fiscal 2008 Nine Months. Our sales generally are made through the use of individual purchase orders, consistent with industry practice. Due to the importance of these key customers, demands for price reductions or promotions by such customers, reductions in their purchases, changes in their financial condition or loss of their accounts could have a material adverse effect on our business, financial condition and results of operations. In addition, as a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among them to purchase our products on a "just-in-time" basis. This requires us to shorten our lead-time for production in certain cases and more closely anticipate their demand, which could in the future require us to carry additional inventories, increase our working capital and related financing requirements or result in excess inventory becoming unusable or obsolete. Furthermore, we primarily sell branded products and a move by one or more of our large customers to sell significant quantities of private label products, which we do not produce on their behalf and which directly compete with our products, could have a material adverse effect on our business, financial condition and results of operations.

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

As of June 29, 2008, we are estimating that at September 30, 2008 we will have U.S. federal and state net operating loss carryforwards of approximately $947 and $1,244 million, respectively. These net operating loss carryforwards expire through years ending in 2028. Management has determined that it is more likely than not that the U.S. deferred tax assets associated with these net operating losses will not be realized in the future and as such has recorded a full valuation allowance to offset the net U.S. deferred tax assets. It is our intention to utilize certain of our U.S. net operating loss carryforwards upon divestiture of certain assets on favorable contractual terms. However, future taxable income may not be sufficient for full utilization of the carryforwards. In addition, we have had a change of ownership, as defined under Internal Revenue Code Section 382, that subjects our net operating losses and other tax attributes to certain limitations. Future changes in ownership under Internal Revenue Code Section 382 could subject us to additional limitations on our ability to utilize net operating losses. If we are unable to fully utilize our net operating losses to offset taxable income generated in the future, our results of operations could be materially and negatively impacted.

If we are unable to improve existing products and develop new, innovative products, or if our competitors introduce new or enhanced products, our sales and market share may suffer.

Both we and our competitors make significant investments in research and development. If our competitors successfully introduce new or enhanced products that present technological advantages over or otherwise outperform our products, or are perceived by consumers as doing so, we may be unable to compete successfully in market segments affected by these changes. In addition, we may be unable to compete if our competitors develop or apply technology which permits them to manufacture products at a lower relative cost. The fact that many of our principal competitors have substantially greater resources than we do increases this risk. The patent rights or other intellectual property rights of third parties, restrictions on our ability to expand or modify manufacturing capacity or financial and other constraints on our research and development activity may also limit our ability to introduce products that are competitive on a performance or cost basis.

Our future success will depend, in part, upon our ability to improve our existing products and to develop, manufacture and market new, innovative products. If we fail to successfully develop, manufacture and market new or enhanced products or develop product innovations, our ability to maintain or grow our market share may be adversely affected, which in turn could have a material adverse effect on our business, financial condition and results of operations.

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

Our international sales and certain of our expenses are transacted in foreign currencies. During the first nine months of Fiscal 2008 approximately 43% of our net sales and 37% of our operating expenses were denominated in currencies other than U.S. dollars. We expect that the amount of our revenues and expenses transacted in foreign currencies will increase as our Latin American, European and Asian operations grow and, as a result, our exposure to risks associated with foreign currencies could increase accordingly. Significant changes in the value of the U.S. dollar in relation to foreign currencies could have a material effect on our business, financial condition and results of operations. Changes in currency exchange rates may also affect our sales to, purchases from and loans to our subsidiaries as well as sales to, purchases from and bank lines of credit with our customers, suppliers and creditors that are denominated in foreign currencies.

Our international operations may expose us to a number of other risks related to conducting business in foreign countries.

Our international operations and exports and imports to and from international markets are subject to a number of special risks which could have a material adverse effect on our business, financial condition and results of operations. These risks include, but are not limited to:

- changes in the economic conditions or consumer preferences or demand for our products in these markets;
- economic and political destabilization, governmental corruption and civil and labor unrest;
- restrictive actions by multi-national governing bodies, foreign governments or subdivisions thereof (e.g., duties, quotas and restrictions on transfer of funds);
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- changes in U.S. and foreign laws regarding trade and investment;
- changes in foreign environmental regulations;
- noncompliance by our business partners with, or a failure by our business partners to enforce, rules and regulations targeting fraudulent conduct; and
- difficulty in obtaining distribution and support for our products.

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

- Although contractually assured with our suppliers, we may be unable to procure appropriate RoHS compliant material in sufficient quantity and quality and/or be able to incorporate it into our product procurement processes without compromising quality and/or harming our cost structure.

- We may face excess and obsolete inventory risk related to non-compliant inventory that we may continue to hold for the remainder of Fiscal 2008 for which there is reduced demand and we may need to write down the carrying value of such inventories.
- We may be unable to sell certain of our batteries in Europe or we may have to adjust the design and production processes of certain types of our batteries to limit the quantities of certain chemicals or metals.

Many of the developing countries in which we operate do not have significant governmental regulation relating to environmental safety, occupational safety, employment practices or other business matters routinely regulated in the United States or Europe or may not rigorously enforce such regulation. As these countries and their economies develop, it is possible that new regulations or increased enforcement of existing regulations may increase the expense of doing business in these countries. In addition, social legislation in many countries in which we operate may result in significantly higher expenses associated with labor costs, terminating employees or distributors and closing manufacturing facilities. Increases in our costs as a result of increased regulation, legislation or enforcement could materially and adversely affect our business, results of operations and financial condition.

Sales of certain of our products are seasonal and may cause our quarterly operating results and working capital requirements to fluctuate.

Sales of our battery, electric shaving and grooming, lawn and garden and household insect control products are seasonal. A large percentage of sales for products of our battery and electric shaving and grooming generally occur during our first fiscal quarter that ends on or about December 31, due to the impact of the December holiday season. A large percentage of our sales of our lawn and garden household insect control products occur during the spring and summer, typically our second and third fiscal quarters. As a result of this seasonality, our inventory and working capital needs relating to these products fluctuate significantly during the year. In addition, orders from retailers are often made late in the period preceding the applicable peak season, making forecasting of production schedules and inventory purchases difficult. If we are unable to accurately forecast and prepare for customer orders or our working capital needs, or there is a general downturn in business or economic conditions during these periods, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to adequately establish and protect our intellectual property rights.

To establish and protect our intellectual property rights, we rely upon a combination of national, foreign and multi-national patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual arrangements. The measures we take to protect our intellectual property rights may prove inadequate to prevent third parties from misappropriating our intellectual property. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor or collaborator files a patent application claiming technology also invented by us, or a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in an expensive and time consuming interference proceeding before the United States Patent and Trademark Office or a similar foreign agency. In addition, our intellectual property rights may be challenged by third parties. Even if our intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of our intellectual property rights. Furthermore, competitors may independently develop technologies that are substantially equivalent or superior to our technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of management and technical personnel. Moreover, the laws of certain foreign countries in which we operate or may operate in the future do not protect, and the governments of certain foreign countries do not enforce, intellectual property rights to the same extent as do the laws and government of the United States, which may negate our competitive or technological advantages in such markets. Also, some of the technology underlying our products is the subject of nonexclusive licenses from third parties. As a result, this technology could be made available to our competitors at any time. If we are unable to establish and then adequately protect our intellectual property rights, then our business, financial condition and results of operations could be materially and adversely affected.

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

From time to time we have been subject to claims that we are infringing upon the intellectual property of others, we currently are the subject of claims that we are infringing upon the intellectual property of others and it is possible that third parties will assert infringement claims against us in the future. An adverse finding against us in any trademark or other intellectual property litigations may have a material adverse effect on our business, financial condition and results of operations. Any such claims, with or without merit, could be time consuming and expensive, and may require us to incur substantial costs, including the diversion of management and technical personnel, cause product delays or require us to enter into licensing or other agreements in order to secure continued access to necessary or desirable intellectual property. If we are deemed to be infringing a third-party's intellectual property and are unable to continue using that intellectual property as we had been, our business and results of operations will be harmed if we are unable to successfully develop non-infringing alternative intellectual property on a timely basis or license non-infringing alternatives or substitutes, if any exist, on commercially reasonable terms. In addition, an unfavorable ruling in an intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing or selling the affected products or using the affected processes or trademarks. Any significant restriction on our proprietary or licensed intellectual property that impedes our ability to develop and commercialize our products could have a material adverse effect on our business, financial condition and results of operations.

Our dependence on a few suppliers and one of our U.S. facilities for certain of our products makes us vulnerable to a disruption in the supply of our products.

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

- our relationships with our suppliers;
- the terms and conditions upon which we purchase products from our suppliers;
- the financial condition of our suppliers;
- the ability to import outsourced products; or
- our suppliers' ability to manufacture and deliver outsourced products on a timely basis.

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

In addition, we manufacture the majority of our foil cutting systems for our shaving product lines, using specially designed machines and proprietary cutting technology, at one of our facilities. Damage to this facility, or prolonged interruption in the operations of this facility for repairs or other reasons, would have a material adverse effect on our ability to manufacture and sell our foil shaving products which would in turn harm our business, financial condition and results of operations.

We depend on key personnel and may not be able to retain those employees or recruit additional qualified personnel.

We are highly dependent on the continuing efforts of our senior management team, which recently changed substantially. Our business, financial condition and results of operations could be materially adversely affected if we lose any of these persons and are unable to attract and retain qualified replacements.

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

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

We may be exposed to significant product liability claims that our insurance may not cover and which could harm our reputation.

In the ordinary course of our business, we may be named as defendants in lawsuits involving product liability claims. In any such proceeding, plaintiffs may seek to recover large and sometimes unspecified amounts of damages and the matters may remain unresolved for several years. Any such matters could have a material adverse effect on our business, results of operations and financial condition if we are unable to successfully defend against or settle these matters or if our insurance coverage is insufficient to satisfy any judgments against us or settlements relating to these matters. Although we have product liability insurance coverage and an excess umbrella policy, our insurance policies may not provide coverage for certain, or any, claims against us or may not be sufficient to cover all possible liabilities. Moreover, any adverse publicity arising from claims made against us, even if the claims were not successful, could adversely affect the reputation and sales of our products.

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

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

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

Risk of environmental liability is inherent in our business. As a result, material environmental costs may arise in the future. In particular, we may incur capital and other costs to comply with increasingly stringent environmental laws and enforcement policies, such as the EU directives, RoHS, WEEE and the Battery Directive, discussed above. Although we believe that we are substantially in compliance with applicable environmental regulations at our facilities, we may not be in compliance with such regulations in the future, which could have a material adverse effect upon our business, financial condition and results of operations.

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

We are also subject to proceedings related to our disposal of industrial and hazardous material at off-site disposal locations or similar disposals made by other parties for which we are responsible as a result of our relationship with such other parties. These proceedings are under the Federal Comprehensive Environmental

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

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

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

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

In addition, the use of certain pesticide and fertilizer products which are sold through Global Pet Supplies and through our Home and Garden Business may be regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may require that: only certified or professional users apply the product, that certain products be used only on certain types of locations (such as "not for use on sod farms or golf courses"), that users post notices on properties where products have been or will be applied, that users notify individuals in the vicinity that products will be applied in the future, that the product not be applied for aesthetic purposes, or that certain ingredients may not be used. Compliance with such public health regulations could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

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

We manufacture and market a number of complex chemical products bearing our brands relating to our Home and Garden Business such as fertilizers, growing media, herbicides and pesticides. On occasion, customers and some current or former employees have alleged that some products failed to perform up to expectations or have caused damage or injury to individuals or property.

In 2007, certain pet food manufactured in China, which was tainted with a mildly toxic chemical known as melamine, and sold in the United States was linked to numerous companion animal fatalities and triggered a widespread recall of pet food by many major pet food suppliers. Incidences of melamine contamination in pet food and treats were linked to many third-party manufacturers, including manufacturers from which we purchase. While we take precautions to ensure that the third-party manufacturers we use are complying with all applicable food health regulations, all of our third-party manufacturers may not adhere, or may not have in the past adhered, to these regulations at all times. Sales of our pet food and pet treat products have been and may in the future be adversely affected because of general consumer distrust of pet food suppliers who manufacture pet food or pet treats in China or distribute pet food or pet treats manufactured in China or negative public perceptions resulting from enhanced scrutiny by the FDA or other governmental authorities of pet food and pet treats and related animal food products.

The import and sales of our pet food and pet treat products have been, are, and in the future may be, adversely affected by delays, including the issuance of import alerts, as well as additional costs related to the import process resulting from enhanced scrutiny by the FDA or other governmental authorities of imports from third-party manufacturers of pet food and pet treats generally and in particular from manufacturers who have previously produced melamine-related tainted pet food and pet treats. Any public perception that any of our products are not safe stemming from melamine-related fears or otherwise, whether justified or not, could impair our reputation, damage our brand names and have a material adverse effect on our business, financial condition and results of operations.

Outbreaks of bird flu could decrease demand for our products and negatively impact our sales.

Certain countries have experienced outbreaks of bird flu. If the United States or any significant foreign markets for our pet and wild bird feed and supplies were to experience a significant outbreak of bird flu, this could reduce the demand for our pet and wild bird feed and supplies. Any significant decrease in demand for these products could have an adverse effect on our revenues, results of operations and financial condition.

Item 5. Other Information

Genito Employment Agreement

Effective June 9, 2008, the Company entered into an evergreen, one-year Employment Agreement with Anthony L. Genito, the Company's Executive Vice President, Chief Financial Officer and Chief Accounting Officer (the "Genito Agreement"). The Genito Agreement supersedes the Severance Agreement, effective as of October 1, 2005, by and between the Company and Mr. Genito.

Under the Genito Agreement, Mr. Genito will receive an annual base salary of $375,000. The annual bonus target percentage under the Genito Agreement is 100% of base salary provided the Company achieves certain annual performance goals. Additionally, beginning in Fiscal 2009, Mr. Genito will be eligible to receive an annual long-term incentive award valued at 100% of his base salary at the time of such award. This long-term incentive award will be subject to certain performance-based vesting conditions. Mr. Genito is also subject to the payment of severance under certain conditions.

The foregoing summary of the Genito Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Genito Agreement attached as Exhibit 10.15 to this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Heil Retention Agreement

In order to incentivize the continued service of Mr. Heil, the Board of Directors of the Company has authorized the grant of a retention incentive. Accordingly, effective August 5, 2008, the Company entered into a Retention Agreement with Mr. Heil (the "Heil Agreement"), which supersedes and eliminates the transaction bonus Mr. Heil was to receive upon a sale of the Company's Global Pet Supplies business, as such transaction bonus is described more fully in the Letter Agreement, effective June 9, 2008, by and between the Company and Mr. Heil attached as Exhibit 10.17 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

The Heil Agreement is subject to the terms of Mr. Heil's amended and restated employment agreement and contains a retention period that runs through and includes December 31, 2009. The Heil Agreement also reserves the Company's rights to terminate Mr. Heil's employment at any time and gives Mr. Heil the right to terminate his employment with the Company at any time.

Under the Heil Agreement, Mr. Heil will receive cash payments in an amount equal to $675,000, (the "Retention Incentive") according to the following schedule. If Mr. Heil is employed by the Company on December 31, 2008, he will receive 50% of his Retention Incentive on the Company's first payroll following December 31, 2008 (less deductions required by law). If Mr. Heil is employed by the Company on December 31, 2009, he will receive the remaining 50% of his Retention Incentive on the Company's first payroll following December 31, 2009 (less deductions required by law). If, before December 31, 2009, there is a "Change in Control" (as defined in the Heil Agreement) any portion of the Retention Incentive not yet paid will be paid upon the Change in Control.

In the event Mr. Heil terminates his employment for "Good Reason" (as defined in the Heil Agreement) or in the event the Company terminates Mr. Heil without "Cause" (as defined in the Heil Agreement), Mr. Heil shall be paid the Retention Incentive that would have been paid to him but for the early termination of his employment. If Mr. Heil voluntarily ends his employment without Good Reason or his employment is terminated by the Company for Cause before December 31, 2009, Mr. Heil will forfeit any and all unpaid Retention Incentive payments.

The foregoing summary of the Heil Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Heil Agreement attached as Exhibit 10.23 to this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 6. Exhibits

Please refer to the Exhibit Index.

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SIGNATURES

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

Date: August 8, 2008

SPECTRUM BRANDS, INC.

By: /s/ ANTHONY L. GENITO

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

EXHIBIT INDEX

Exhibit 2.1	Purchase Agreement, dated February 21, 2004, by and among Rayovac Corporation, ROV Holding, Inc., VARTA AG, Interelectrica Adminstração e Participações Ltda., and Tabriza Brasil Empreendimentos Ltda. (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on June 14, 2004).
Exhibit 2.2	Agreement and Plan of Merger, dated January 3, 2005, by and among Rayovac Corporation, Lindbergh Corporation and United Industries Corporation (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on January 4, 2005).
Exhibit 2.3	Share Purchase Agreement dated as of March 14, 2005 by and among Rayovac Corporation, Triton Managers Limited, acting in its own name but for the account of those Persons set forth on Annex I to the Share Purchase Agreement, BGLD Managers Limited, acting in its own name but for the account of BGLD Co-Invest Limited Partnership, AXA Private Equity Fund II-A, a Fonds Commun de Placement à Risques, represented by its management company AXA Investment Managers Private Equity Europe S.A., AXA Private Equity Fund II-B, a Fonds Commun de Placement à Risques, represented by its management company AXA Investment Managers Private Equity Europe S.A., Harald Quandt Holding GmbH, and Tetra Managers Beteiligungsgesellschaft mbH, being all of the shareholders of Tetra Holding GmbH, and Triton Managers Limited, as Sellers' Representative (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on March 18, 2005).
Exhibit 2.4	Share Purchase Agreement, dated November 22, 2005, by and among Agrium Inc., United Industries Corporation, and Nu-Gro Holding Company L.P. (filed by incorporation by reference to the Current Report on Form 8-K filed with the SEC on November 29, 2005).
Exhibit 2.5	Amendment No. 1, dated December 19, 2005, to the Share Purchase Agreement, dated November 22, 2005, by and among Agrium Inc., United Industries Corporation, and Nu-Gro Holding Company L.P. (filed by incorporation by reference to the Current Report on Form 8-K filed with the SEC on January 30, 2006).
Exhibit 2.6	Purchase Agreement, dated May 20, 2008, by and among the Company, Salton Inc., and Applica Pet Products, LLC (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on May 21, 2008).
Exhibit 2.7	Termination Agreement, dated July 13, 2008, by and among the Company, Salton Inc., and Applica Pet Products, LLC (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 14, 2008).
Exhibit 3.1	Amended and Restated Articles of Incorporation of Spectrum Brands, Inc., as amended on May 2, 2005 (filed by incorporation by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2005, filed with the SEC on May 13, 2005).
Exhibit 3.2	Amended and Restated By-laws of Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 3.1 to Amendment No.1 to the Current Report on Form 8-K/A, filed with the SEC on December 4, 2007 amending the Current Report on Form 8-K filed with the SEC on November 9, 2007).
Exhibit 4.1	Indenture dated as of February 7, 2005 by and among Rayovac Corporation, certain of Rayovac Corporation's domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 4.2	Supplemental Indenture dated as of May 3, 2005 to the Indenture dated as of February 7, 2005 by and among Spectrum Brands, Inc., certain of Spectrum Brands, Inc.'s domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on May 5, 2005).

Exhibit 4.3	Indenture, dated September 30, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Vestar Shaver Corp., Vestar Razor Corp., Remington Products Company, L.L.C., Remington Capital Corporation, Remington Rand Corporation, Remington Corporation, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on October 15, 2003).
Exhibit 4.4	Supplemental Indenture, dated October 24, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Remington Products Company, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed with the SEC on November 6, 2003).
Exhibit 4.5	Third Supplemental Indenture dated as of February 7, 2005 to the Indenture dated as of September 30, 2003 by and among Rayovac Corporation, certain of Rayovac Corporation's domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 4.6	Fourth Supplemental Indenture dated as of May 3, 2005 to the Indenture dated as of September 30, 2003 by and among Spectrum Brands, Inc., certain of Spectrum Brands, Inc.'s domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on May 5, 2005).
Exhibit 4.7	Fifth Supplemental Indenture dated as of March 29, 2007, among the Company, certain subsidiaries of the Company, as guarantors, and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 4.8	Indenture dated as of March 30, 2007, among Spectrum Brands, Inc., certain subsidiaries of Spectrum Brands, Inc., as guarantors, and Wells Fargo Bank, N.A., as trustee (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 4.9	Registration Rights Agreement dated as of February 7, 2005 by and between Rayovac Corporation, certain of Rayovac's domestic subsidiaries, Banc of America Securities LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and ABN AMRO Incorporated (filed by incorporation by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.1	Amendment to Amended and Restated Employment Agreement, dated as of June 29, 2007, by and between the Company and Kent J. Hussey (filed by incorporation by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.2	Amended and Restated Employment Agreement, dated as of April 1, 2005, by and between the Company and Kent J. Hussey (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.3	Amended and Restated Employment Agreement, dated as of October 1, 2005, between the Company and David A. Jones (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 5, 2005).
Exhibit 10.4	Amended and Restated Employment Agreement, dated as of April 1, 2005, by and between the Company and Kenneth V. Biller (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.5	Amended and Restated Employment Agreement, effective as of January 16, 2007, by and between the Company and John A. Heil (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 19, 2007).

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Exhibit 10.6	Amended and Restated Registered Director’s Agreement, dated April 1, 2005, by and between Spectrum Brands Europe GmbH and Remy E. Burel (filed by incorporation by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on April 7, 2005), as later amended by Amendment No. 1 to the Amended and Restated Registered Director’s Agreement (such Amendment No. 1 is filed by incorporation by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2005, filed with the SEC on August 12, 2005).
Exhibit 10.7	Amended and Restated Employment Agreement, dated as of April 1, 2005, by and between the Company and Randall J. Steward (filed by incorporation by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the year ended September 30, 2005, filed with the SEC on December 14, 2005).
Exhibit 10.8	Amended and Restated Employment Agreement, effective as of January 16, 2007, by and between the Company and David R. Lumley (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on January 19, 2007).
Exhibit 10.9	Employment Agreement dated March 27, 2007, by and between the Company and Amy J. Yoder (filed by incorporation by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.10	Separation Agreement and Release, dated as of May 25, 2007, by and between the Company and David A. Jones (filed by incorporation by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.11	Separation Agreement and Release, dated as of August 1, 2007, by and between the Company and Randall J. Steward (filed by incorporation by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.12	Separation Agreement and Release, dated as of July 20, 2007, by and between the Company and Kenneth V. Biller (filed by incorporation by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.13	First Amendment to the Separation Agreement and Release, dated as of July 24, 2007, by and between the Company and Kenneth V. Biller (filed by incorporation by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.14	Separation Agreement and Release, dated as of August 6, 2007, by and between the Company and Remy Burel (filed by incorporation by reference to Exhibit 10.14 to the Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2007, filed with the SEC on August 10, 2007).
Exhibit 10.15	Employment Agreement, effective June 9, 2008, by and between the Company and Anthony L. Genito.*
Exhibit 10.16	Restricted Stock Award Agreement, effective June 9, 2008, by and between the Company and Kent J. Hussey.*
Exhibit 10.17	Letter Agreement, effective June 9, 2008, by and between the Company and John A. Heil.*
Exhibit 10.18	Retention Agreement, effective June 9, 2008, by and between the Company and Anthony L. Genito.*
Exhibit 10.19	Retention Agreement, effective June 9, 2008, by and between the Company and David R. Lumley.*

Exhibit 10.20	Retention Agreement, effective June 9, 2008, by and between the Company and Amy J. Yoder.*
Exhibit 10.21	Second Amendment to the Employment Agreement, effective June 9, 2008, by and between the Company and Kent J. Hussey.*
Exhibit 10.22	First Amendment to the Employment Agreement, effective June 9, 2008, by and between the company and Amy J. Yoder.*
Exhibit 10.23	Retention Agreement, effective August 5, 2008, by and between the Company and John A. Heil.*
Exhibit 10.24	Credit Agreement dated as of March 30, 2007, among the Company, Goldman Sachs Credit Partners L.P., as administrative agent, and the other parties and financial institutions party thereto (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 10.25	Credit Agreement dated as of September 28, 2007, among the Company, certain subsidiaries of the Company party thereto, Wachovia Bank, National Association, as administrative agent, and the other parties and financial institutions party thereto (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 1, 2007).
Exhibit 10.26	Guarantee and Collateral Agreement dated as of March 30, 2007, among the Company, certain subsidiaries of the Company and Goldman Sachs Credit Partners L.P., as administrative agent (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 10.27	ABL Guarantee and Collateral Agreement dated as of September 28, 2007, among the Company, certain subsidiaries of the Company party thereto, and Wachovia Bank, National Association, as collateral agent (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on October 1, 2007).
Exhibit 10.28	Intercreditor agreement dated as of September 28, 2007, among the Company, certain subsidiaries of the Company party thereto, Goldman Sachs Credit Partners L.P. and Wachovia Bank, National Association (filed by incorporation by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on October 1, 2007).
Exhibit 10.29	Exchange and Forbearance Agreement dated as of March 12, 2007 (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 12, 2007).
Exhibit 10.30	Registration Rights Agreement, dated February 7, 2005, by and among Rayovac Corporation and those Persons listed on Schedule 1 attached thereto, who were, immediately prior to the Effective Time, stockholders of United Industries Corporation (filed by incorporation by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.31	Standstill Agreement by and between Rayovac Corporation, Thomas H. Lee Equity Fund IV, L.P., THL Equity Advisors IV, LLC, Thomas H. Lee Partners, L.P., and Thomas H. Lee Advisors, L.L.C. (filed by incorporation by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.32	Technical Collaboration, Sale and Supply Agreement, dated as of March 5, 1998, by and among Rayovac Corporation, Matsushita Battery Industrial Co., Ltd. and Matsushita Electric Industrial Co., Ltd. (filed by incorporation by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q for the quarterly period ended March 28, filed with the SEC on May 5, 1998).
Exhibit 10.33	Rayovac Corporation 1996 Stock Option Plan (filed by incorporation by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q for the quarterly period ended June 29, 1997, filed with the SEC on August 13, 1997).

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Exhibit 10.34	1997 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.13 to the Registration Statement on Form S-1 filed with the SEC on October 31, 1997).
Exhibit 10.35	2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.24 to the Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2004, filed with the SEC on August 11, 2004).
Exhibit 10.36	Form of Award Agreement under 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.21 to the Annual Report on Form 10-K for the year ended September 30, 2004, filed with the SEC on December 14, 2004).
Exhibit 10.37	Form of Restricted Stock Award Agreement under the 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.38	Form of Restricted Stock Award Agreement under the 2004 Rayovac Incentive Plan (for grants of restricted stock made on or after October 1, 2007) (filed by incorporation by reference to Exhibit 10.29 to the Annual Report on Form 10-K for the year ended September 30, 2007, filed with the SEC on December 14, 2007).
Exhibit 10.39	Form of Restricted Stock Award Agreement under the 1997 Rayovac Incentive Plan (for grants of restricted stock made on or after August 27, 2007) (filed by incorporation by reference to Exhibit 10.30 to the Annual Report on Form 10-K filed with the SEC on December 14, 2007) .
Exhibit 10.40	Form of Superior Achievement Program Restricted Stock Award Agreement under the 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.41	Rayovac Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to Exhibit 10.21 to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, filed with the SEC on February 12, 2003).
Exhibit 10.42	Amendment No. 3 to Rayovac Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to Exhibit 10.28 to the Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2004, filed with the SEC on August 11, 2004).
Exhibit 10.43	Rayovac Corporation Deferred Compensation Plan, as amended (filed by incorporation by reference to Exhibit 10.22 to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, filed with the SEC on February 12, 2003).
Exhibit 10.44	Amendment No. 3 and Amendment No. 4 to Rayovac Corporation Deferred Compensation Plan (filed by incorporation by reference to Exhibit 10.25 to the Annual Report on Form 10-K for the year ended September 30, 2004, filed with the SEC on December 14, 2004).
Exhibit 31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities 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 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 9th day of June 2008, by and between Spectrum Brands, Inc., a Wisconsin corporation (the "Company") and Anthony L. Genito (the "Executive").

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

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

WHEREAS, Executive's continued employment with the Company 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 premises and mutual agreements contained herein (promises that include benefits to which Executive would not otherwise be entitled or receive), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Employment Duties and Acceptance. The Company hereby employs the Executive as, and the Executive agrees to serve and accept employment with the Company as, Executive Vice President, Chief Financial Officer and Chief Accounting Officer reporting directly to the Chief Executive Officer of the Company. During the Term (as defined below) the Executive shall devote substantially all of his working time and efforts to such employment. Executive shall initially be based at the Company's world headquarters located at Six Concourse Pkwy, Suite 3300, Atlanta, Georgia 30328.

2. Term of Employment. Subject to termination of employment under Section 4 hereof, the Executive's employment and appointment hereunder shall be for a term commencing on the date hereof and expiring on September 30, 2009 (the "Initial Term"). Upon expiration of the Initial Term and subject to termination of employment under Section 4 hereof, this Agreement shall automatically extend for successive renewal periods of one (1) year ("Renewal Term(s)"). The Initial Term and any Renewal Terms shall be collectively referred to as the "Term".

3. Compensation. So long as Executive's employment has not been terminated pursuant to Section 4 hereof, in consideration of the performance by the Executive of his duties hereunder, the Company shall pay or provide to the Executive the following compensation and such other compensation as the Board may determine which the Executive agrees to accept in full satisfaction for his services, it being understood that necessary withholding taxes, FICA contributions and the like shall be deducted from such compensation:

(a) Base Salary. The Executive shall receive a base salary of Three Hundred Seventy-Five Thousand Dollars ($375,000) per annum for the duration of the Term (“Base Salary”), which Base Salary shall be paid in equal semi-monthly installments in arrears. The Board of Directors of the Company or the Compensation Committee thereof (the “Board”) will review from time to time the Base Salary payable to the Executive hereunder and may, in its discretion, increase the Executive’s Base Salary. Any such increased Base Salary shall be and become the “Base Salary” for purposes of this Agreement.

(b) Bonus. The Executive shall receive a bonus for each fiscal year ending during the Term, payable annually in arrears, which shall be based on a target of One Hundred Percent (100%) of Base Salary paid during such fiscal year, provided the Company achieves certain annual performance goals established by the Board from time to time (the “Bonus”). The Board may, in its discretion, increase the annual Bonus. Any such increased annual Bonus shall be and become the “Bonus” for such fiscal year for purposes of this Agreement. Currently, the Bonus is paid under the Company’s Management Incentive Plan.

(c) Insurance Coverages. The Executive shall be entitled to such health, dental, life and other insurance and all other benefits as are generally made available from time to time by the Company to its executive officers who report to the Chief Executive Officer.

(e) Long-Term Incentive Award. Subject to Board approval, Executive shall be eligible to receive each fiscal year during the Term (commencing with fiscal year 2009) a Company-stock based award or other consideration valued at 100% of Executive’s Base Salary at the time of the award, and with such award containing certain vesting conditions to be based on achievement of Company’s performance objectives established by the Board from time to time. Currently, the long-term incentive award is made under the Company’s Long Term Incentive Plan. This paragraph shall not affect Executive’s current participation in the 2008 Long Term Incentive Plan.

(f) Vacation. The Executive shall be entitled to four (4) weeks 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 continued use of Executive’s current leased vehicle. Unless the Executive’s employment is terminated by the Company for Cause or by the

Executive pursuant to Section 4(d), Executive shall be permitted to drive his Company vehicle for the earlier of the vehicle lease end date or duration of the 12-month period following termination; at the end of the earlier of the vehicle lease end date or such 12-month period, Executive will be permitted to purchase his Company vehicle at book value as of such date. Following the vehicle lease end date, if the Company no longer offers a vehicle lease program, for so long as Executive continues to be employed by the Company, a monthly auto allowance of Fifteen Hundred Dollars ($1,500) will be paid subject to normal withholdings.

(i) D&O Insurance. The Executive shall be entitled to indemnification from the Company to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by 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"). Copies of the Company'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 of this Agreement.

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;

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

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

(v) the Executive materially breaches any of the terms of this Agreement or any other 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 indicates the Company's intention to terminate the Executive's employment hereunder if such breach is not cured within such thirty (30) day period.

(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 or no reason without Cause upon thirty (30) days prior written notice to the Executive. Any failure by the Company to renew the Term of this Agreement shall be deemed a termination by the Company without Cause as of the expiration of the Term for all purposes of this Agreement.

(d) Voluntary Termination by Executive. The Executive shall be entitled to voluntarily terminate his employment hereunder for any reason or no reason upon thirty (30) days prior written notice to the Company. Any such termination shall be treated as a termination by the Company for "Cause" under Section 5. Notwithstanding the previous sentence, any termination by the Executive pursuant to Section 4(e) or 4(f) shall not be considered a termination pursuant to this Section 4(d).

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

(i) any material reduction, not consented to by Executive, in Executive's Base Salary then in effect;

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

(iii) a substantial diminution or other substantive adverse change, not consented to by Executive, in the nature or scope of Executive's responsibilities, authorities, powers, functions or duties; provided, however, that the Company may replace Executive as Chief Accounting Officer without implicating this subsection;

(iv) a breach by the Company of any of its other material obligations under this Agreement and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Executive; or

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

(f) Following Change in Control. The Executive shall have the right to voluntarily terminate his employment and appointment hereunder following a Change in Control by providing the Company with notice of such termination within sixty (60) days following such a Change in Control. For purposes of this Agreement, "Change in Control" shall have the meaning given that term in the 2004 Rayovac Incentive Plan. Any such termination shall be treated as a termination by the Company without Cause. Notwithstanding the foregoing, the Company may require that the Executive continue to remain in the employ of the Company for up to a maximum of six (6) months following the Change in Control (the "Post-Term Period"), during which time Executive will continue to be entitled to the compensation and benefits set forth in Section 3.

(g) Notice of Termination. Any termination (except due to the 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 any party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of such party hereunder or preclude such party from asserting such fact or circumstance in enforcing its rights hereunder.

5. Effect of Termination of Employment.

(a) Termination by the Company With Cause or Voluntarily by the Executive. If the Executive's employment is terminated by the Company with Cause or if Executive voluntarily terminates his employment hereunder (except for Good Reason or as provided in Section 5(c)), 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 which was not required to be paid prior to such termination; provided, however, that the Executive shall be entitled to continue to participate in the Company's medical benefit plans to the extent required by law. Upon any such termination of employment, the company shall promptly pay to 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.

(b) Without Cause, for Good Reason, Death or Disability or Upon a Change in Control. If the Executive's employment is terminated (a) by the Company without Cause, (b) by Executive for Good Reason pursuant to Section 4(e), (c) by reason of death or Disability, or (d) by Executive following a Change in Control pursuant to Section 4(f), 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 which was not required to be paid prior to such termination. However, if the Executive executes 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 Company shall pay the Executive the amounts and provide the Executive the benefits as follows:

(i) The Company shall pay to the Executive as severance, an amount in cash equal to double the sum of (i) the Executive's Base Salary, and (ii) (X) if such termination occurs on or prior to September 30, 2009, the Executive's then-current target annual Bonus amount or (Y) if such termination occurs after September 30, 2009, Executive's target annual Bonus amount for the fiscal year immediately preceding the fiscal year in which such termination occurs, such cash amount to be paid to the Executive ratably monthly in arrears over the 24-month period immediately following such termination.

(ii) Additionally, the Company shall pay to the Executive in cash a pro rata portion of the annual Bonus applicable to the fiscal year in which such termination occurs that would actually have been earned by the Executive pursuant to the Bonus plan if such Executive's employment had not terminated. Such annual Bonus shall be determined based on the annual performance goals established for such fiscal year as of the time of such termination. Such pro rata portion shall be determined based on the number of weeks worked during such fiscal year prior to such termination divided by 52. Such amount, if any, will be paid at the time such Bonuses are paid to continuing employees of the Company for such fiscal year, but no later than the December 31 immediately following the end of the fiscal year in which such termination occurs.

(iii) For the 24-month period immediately following such termination, the Company shall arrange to provide the Executive and his dependents medical, dental, executive life and disability insurance benefits substantially similar to those provided to the Executive and his dependents by the Company immediately prior to the date of termination, 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 otherwise receivable by the Executive pursuant to this Section 5(b)(iii) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Section 6 or 7 hereof. In addition, benefits otherwise receivable by the Executive pursuant to this Section 5(b)(iii) 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.

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

(v) Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed.

(vi) If the Executive's employment with the Company terminates during the Term, 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 any other employment.

(vii) For purposes of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each payment made pursuant to Section 5(b) shall be considered a separate payment. Notwithstanding any provision of the Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Treasury regulation §1.409A-1(i) on the date on which his employment with the Company terminates, to the extent that any payments made pursuant to Section 5(b): (A) would otherwise be payable more than 2 1/2 months after the end of the calendar year in which the termination of Executive's employment with the Company occurred (B) would cause the payments made pursuant to Section 5(b) following the Executive's termination of employment with the Company to exceed the lesser of (1) two times the Executive's annualized compensation for the calendar year preceding the year in which the Executive's termination of employment occurred, and (2) two times the limit in effect under Code section 401(a)(17) for the calendar year in which the termination of Executive's employment with the Company occurred, and (C) would be made within six months of the date on which the termination of Executive's employment with the Company occurred, then such payments will be suspended until the first day of the seventh month after the date on which the termination of Executive's employment with the Company occurred, at which time a lump sum payment of the suspended payments will be made to Executive.

6. Agreement Not to Compete.

(a) The Executive agrees that during his employment and for the one-year period immediately following the termination of his employment for any reason (hereafter, the "Non-Competition Period"), he will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, or in any other capacity, provide services of the same or similar kind or nature that he provides to the Company to, or have a financial interest in (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market), any competitor of the Company in (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. In recognition, acknowledgement and agreement that the Company's business and operations extend throughout North America and beyond, the parties agree that the geographic scope of this covenant not to compete shall extend to North America.

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

(c) The Executive agrees that during the Non-Competition Period, he shall not initiate contact in order to induce, solicit or encourage any person to leave the Company's employ. 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) If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the parties hereto to revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law.

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

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 existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques and business ideas or practices. The restriction on the Executive's use or disclosure of the confidential information or materials shall remain in force during the Executive's employment hereunder and until the earlier of (x) a period of two (2) years thereafter or (y) such 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 made for hire. 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, 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. Nothing in this Agreement of elsewhere shall prevent the Executive from retaining 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. 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:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328
Facsimile: (770) 829-6295
Attention: General Counsel

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

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

9. General.

(a) Governing Law. This Agreement shall be construed under and governed by the laws of the State of Georgia, 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 two counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(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. 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. In the event that the Executive shall give a Notice of Termination for Good Reason and it shall thereafter be determined that Good Reason did not exist, the employment of the Executive shall, unless the Company and the Executive shall otherwise mutually agree, be deemed to have terminated, at the date of giving such purported Notice of Termination, and the Executive shall be entitled to receive only those payments and benefits which he would have been entitled to receive at such date had he terminated his employment voluntarily at such date under Section 4(d) 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(h) of this Agreement shall be considered separate and independent from the other sections of this Agreement and no invalidity of any one of those sections shall affect any other section or provision of this Agreement. However, because it is expressly acknowledged that the pay and benefits provided under this Agreement are provided, at least in part, as consideration for the obligations imposed upon Executive under Sections 6(a), 6(b), 6(c), 7(a) and 7(b), should Executive challenge those obligations or any court 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, if otherwise available to Executive, irrespective of the reason for the end of Executive's employment.

(j) Entire Agreement. This Agreement constitutes the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof including, but not limited to, that certain Severance Agreement dated as of October 1, 2005 between the Company and Mr. Genito. This Agreement shall not impact any employee retention, as opposed to employee severance, arrangements to which Executive was subject immediately prior to the date of this Agreement.

[signature page follows]

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

SPECTRUM BRANDS, INC.

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

EXECUTIVE:

/s/ Anthony L. Genito
Name: Anthony L. Genito

EXHIBIT 10.16

SPECTRUM BRANDS, INC.
RESTRICTED STOCK AWARD AGREEMENT
FOR EMPLOYEES

This agreement is made and entered into, effective as of June 9, 2008 (the "Effective Date"), by and between Spectrum Brands, Inc., a Wisconsin corporation (the "Company"), and **Kent Hussey** (the "Employee") pursuant to The 2004 Rayovac Incentive Plan (the "Plan") and the terms and conditions of this Spectrum Brands, Inc. Restricted Stock Award Agreement (the "Agreement"), as set forth below.

1. Grant of Award. Pursuant to the Plan and subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to the Employee an award (the "Award") of **100,000** shares of the Company's common stock, par value $.01 per share ("Common Stock"), subject to certain restrictions (individually, a "Share" and collectively, the "Shares"). The Employee acknowledges that he/she has received from the Company a copy of the Plan and any prospectus relating thereto.

2. Restrictions. Until the restrictions set forth in this Agreement or in the Plan lapse, the Shares shall be subject to the following restrictions:

(a) Continued Employment. Except as otherwise specifically provided herein, the Employee's rights under this Agreement are conditioned on the Employee remaining in the employment of the Company or its subsidiaries or affiliates. The term "disability" shall have the same meaning as set forth in the Company's disability policy. The term "Cause" shall have the same meaning as forth in the employment agreement or severance agreement, as applicable and as the same may be amended from time to time, between the Employee and the Company or any subsidiary of the Company, as applicable.

(b) Transfer. The Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered in any manner by the Employee.

(c) No Section 83(b) Election. With respect to the Shares awarded pursuant to this Agreement, the Employee agrees not to make the election provided for under section 83(b) of the Internal Revenue Code of 1986, as amended.

3. Lapse of Restrictions.

General. Subject to the terms of this Agreement, restrictions as to 50% of the Shares shall lapse on each of the first and second anniversaries of the Effective Date.

(b) Forfeiture of Shares. Notwithstanding anything contained herein to the contrary, upon the Employee's termination of employment with the Company or any of its subsidiaries and affiliates for any reason other than termination by the Company without Cause or by reason of Employee's death or disability, the Employee shall forfeit all Shares subject to restrictions that have not lapsed as of such termination date, and the Employee shall have no further rights with respect to those Shares. In the event of termination by the Company without Cause or due to death or disability of Employee, any remaining restrictions on the Shares shall lapse upon such termination.

(c) Termination of Restrictions. Notwithstanding the foregoing, the Compensation Committee of the Board shall have the power, in its sole discretion, to accelerate the expiration of the applicable restriction period, to waive any restriction with respect to any part or all of the Shares or to waive the forfeiture of Shares and retain restrictions on Shares that would have been forfeited pursuant to the terms of this Agreement.

4. Certificates. While the Shares awarded to the Employee are subject to the restrictions set forth in the Plan and in this Agreement, the Employee's rights to those Shares will be reflected as a book entry in the records of the Company. After and to the extent that such restrictions lapse pursuant to the terms of the Plan and this Agreement, certificates representing the Shares owned by the Employee, after taking into account any Shares withheld to cover the taxes with respect to the lapsing of the restrictions on those Shares, will be delivered to the Employee as soon as practicable after the Employee requests that the Company or its agent deliver the certificates or, if earlier, when the certificates are delivered to the Employee as determined by the Company or its agent.

5. Change in Control. As more particularly provided in the Plan, all restrictions with respect to any of the Shares that have not been previously forfeited as provided in this Agreement shall expire and lapse upon the occurrence of a Change in Control (as defined in the Plan). If a Change in Control has occurred, all restrictions on the Shares shall expire immediately before the effective date of the Change in Control.

6. Incorporation of Plan; Defined Terms. The Plan is incorporated herein by reference and made a part of this Agreement as if each provision of the Plan were specifically set forth herein. In the event of a conflict between the Plan and this Agreement, the terms and conditions of the Plan shall govern. Unless otherwise expressly defined in this Agreement, all capitalized terms in this Agreement shall have the meanings given such terms in the Plan.

7. Miscellaneous.

(a) Successors; Governing Law. This Agreement shall bind and inure to the benefit of the parties, their heirs, personal representatives, successors in interest and assigns. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

(b) Dividends. The Company shall have the discretion to pay to the Employee any special or regular cash dividends declared by the Board, or to defer the payment of cash dividends until the expiration of the restrictions with respect to the Shares, or reinvest such amounts in additional shares of restricted stock. Any cash payments of dividends that become payable to the Employee with respect to any of the Shares that remain subject to restrictions hereunder may, in the Company's discretion, be net of an amount sufficient to satisfy any federal, state and local withholding tax requirements with respect to such dividends.

(c) Continued Employment. The Agreement does not constitute a contract of employment. Participation in the Plan does not give the Employee the right to remain in the employ of the Company or its subsidiaries or affiliates and does not limit in any way the right of the Company or a subsidiary or affiliate to change the duties or responsibilities of the Employee.

(d) Amendment. The Company may amend this Agreement or modify the provisions for the termination of the restrictions on the Shares without the approval of the Employee to comply with any rules or regulations under applicable tax, securities or other laws or the rules and regulations thereunder or any applicable exchange listing standards, or to correct any omission in this Agreement.

(e) Payment of Taxes Due. No later than the date as of which an amount first becomes includible in the gross income of the Employee for income tax purposes with respect to the Award, Employee shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law or applicable regulation to be withheld (collectively, "Taxes") with respect to such amount. Withholding obligations arising from the Award may be settled with Common Stock, including the Shares that give rise to the withholding requirement. The obligations of the Company to deliver the Shares shall be conditional on such payment or arrangements. The Company, its subsidiaries and its affiliates shall, to the extent permitted by law, have the right to, at the Company's election and in the Company's sole discretion, (i) deduct any such taxes from any payment otherwise due to the Employee or (ii) withhold such portion of the Shares that give rise to the withholding requirement in satisfaction of such requirement.

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: VP, Secretary and General Counsel

EMPLOYEE

/s/ Kent J. Hussey

Re: Award of Transaction Bonus and Amendment to Employment Agreement and Restricted Stock Award Agreements

Dear John:

In recognition of your past services to Spectrum Brands, Inc. (the "Company") and the importance of your past and continued services to the consummation of the Company's sale of its global pet supply and aquatic business (the "Pet Business"), the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") has approved (1) an award of a cash bonus payable to you upon the consummation of that sale and (2) the waiver of the provisions in agreements evidencing awards to you of restricted stock that would cause you to forfeit unvested shares as a result of the consummation of the sale. This letter serves to document the changes approved by the Committee and, upon your execution of a copy of this letter and as an amendment to the restricted stock award agreements as described below.

Transaction Bonus

Following the closing of the sale of the Pet Business, but in no event later than thirty (30) days after that closing, the Company will make a cash payment to you in the amount of $337,500, less such amounts as the Company is required by applicable law to withhold.

Amendment to Restricted Stock Agreements

Section 3(b) of each of the restricted stock award agreements between you and the Company dated April 1, 2005 for 25,000 shares issued in connection with the execution of your employment agreement and February 1, 2006 are amended in their entirety to read as follows:

> (b) Forfeiture of Shares. Notwithstanding anything contained herein to the contrary, upon the Employee's termination of employment with the Company and all of its subsidiaries and affiliates for any reason other than as a result of the Company's disposition of its global pet supply and aquatic business, the Employee shall forfeit all Shares subject to restrictions that have not lapsed as of such termination, and the Employee shall have no further rights with respect to those Shares. Immediately before the Employee's termination of employment that results from the Company's disposition of its global pet supply and aquatic business, all restrictions remaining on Shares shall lapse. Shares that are no longer subject to restrictions at the time of the Employee's termination shall not be forfeited.

If you have any questions about this letter, please contact Kent Hussey. Otherwise, please sign a copy of this letter and return the signed copy to Kent Hussey.

On behalf of the Committee, the Board of Directors, the Company and its shareholders, I congratulate you on your accomplishments and thank you for your outstanding service.

Sincerely,

/s/ Kent J. Hussey

Accepted:

/s/ John A. Heil

John A. Heil

Date: June 9, 2008

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “Agreement”) is entered into and effective as of the 9th day of June, 2008 (“Effective Date”) by and between Spectrum Brands, Inc. (the “Company”), and **Tony Genito** (the “Executive”).

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Board”) believes that the next twelve to eighteen months will be a critical period for the future success of the Company; and

WHEREAS, the Company and the Executive have entered into a certain Employment Agreement, dated June 9, 2008 (the “Employment Agreement”); and

WHEREAS, the Board believes that ensuring that the continuing services of the Executive are provided during this period, the Board has authorized executive management of the Company to provide the Executive with a Retention Incentive upon the terms and conditions set forth herein, and the Executive is willing and able to continue his employment to achieve such Retention Incentive on such terms and conditions.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements contained herein, 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. Retention Period.

The retention period shall be the period from the Effective Date through and including December 31, 2009 (the “Retention Period”).

2. Retention Incentive

a. To the extent the Executive remains employed by the Company through the Retention Period, at certain times during the Retention Period the Executive shall be paid a cash “Retention Incentive” in an amount equal to $562,500, which equals 150% of Executive’s annual base salary in effect as of the Effective Date, as follows:

(i) If the Executive is actively employed by the Company on December 31, 2008, the Executive will be paid, on the Company’s first payroll date following December 31, 2008, 50% of the Retention Incentive, less deductions required by law.

(ii) If the Executive is actively employed by the Company on December 31, 2009, the Executive will be paid, on the Company’s first payroll date following December 31, 2009, 50% of the Retention Incentive, less deductions required by law.

b. If, before the end of the Retention Period, there occurs a Change in Control (as defined in the Employment Agreement), any portion of the Retention Incentive not yet paid to Executive, less deductions required by law, shall be paid to Executive upon the Change in Control.

c. Nothing in this Agreement shall be construed to deprive Executive of any rights to receive annual incentive bonus payments, if any, made in the ordinary course by the Company to its senior executives, subject to approval by the Board based upon the recommendation of the Compensation Committee of the Board or any previously communicated retention programs.

3. Termination of Employment Prior to the End of the Retention Period.

a. The Company shall have the right to terminate the Executive's employment at any time, and the Executive shall have the right to terminate his employment at any time. Any such termination shall have the effects described in this Section 3.

b. If before the end of the Retention Period, (i) the Executive's employment is considered to have been terminated by the Executive for "Good Reason" (as defined in the Employment Agreement), or (ii) the Company terminates Executive's employment without "Cause" (as defined in the Employment Agreement), the Executive shall be paid, at the time of such termination, the Retention Incentive that would have been paid to Executive but for the early termination of Executive's employment for the entire Retention Period.

c. If the Executive voluntarily ends his employment without Good Reason or his employment is terminated by the Company for Cause before the end of the Retention Period, the Executive shall forfeit any and all Retention Incentive payments, unless any such payments have been made to the Executive pursuant to Section 2(a) of this Agreement, in which case such payments will be retained by the Executive.

4. Existing Employment Agreement

This Agreement shall not supersede, but shall be supplemental to, any Employment Agreement, other contract of employment or other agreement in effect between the Company and the Executive governing the terms and conditions of the Executive's employment with the Company as of the date of execution hereof. Notwithstanding the foregoing, and notwithstanding any provision of any Employment Agreement to the contrary, any Retention Incentive paid to the Executive pursuant to this Agreement will not be taken into account in determining any amounts payable to the Executive pursuant to the term of any Employment Agreement.

5. 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, although the obligations of the Executive are personal and may be performed only by him. The Company may assign this Agreement without Executive's consent, but any such assignment shall not relieve the Company of its obligations hereunder.

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

SPECTRUM BRANDS, INC.

By: /s/ Kent J. Hussey
Its: CEO

EXECUTIVE:

/s/ Anthony L. Genito

EXHIBIT 10.19

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this "Agreement") is entered into and effective as of the 9th day of June, 2008 ("Effective Date") by and between Spectrum Brands, Inc. (the "Company"), and **David Lumley** (the "Executive").

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Board") believes that the next twelve to eighteen months will be a critical period for the future success of the Company; and

WHEREAS, the Company and the Executive have entered into a certain Employment Agreement, dated January 16, 2007 (the "Employment Agreement"); and

WHEREAS, the Board believes that ensuring that the continuing services of the Executive are provided during this period, the Board has authorized executive management of the Company to provide the Executive with a Retention Incentive upon the terms and conditions set forth herein, and the Executive is willing and able to continue his employment to achieve such Retention Incentive on such terms and conditions.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements contained herein, 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. Retention Period.

   The retention period shall be the period from the Effective Date through and including December 31, 2009 (the "Retention Period").

2. Retention Incentive

   a. To the extent the Executive remains employed by the Company through the Retention Period, at certain times during the Retention Period the Executive shall be paid a cash "Retention Incentive" in an amount equal to $787,500, which equals 150% of Executive's annual base salary in effect as of the Effective Date, as follows:

      (i) If the Executive is actively employed by the Company on December 31, 2008, the Executive will be paid, on the Company's first payroll date following December 31, 2008, 50% of the Retention Incentive, less deductions required by law.

      (ii) If the Executive is actively employed by the Company on December 31, 2009, the Executive will be paid, on the Company's first payroll date following December 31, 2009, 50% of the Retention Incentive, less deductions required by law.

b. If, before the end of the Retention Period, there occurs a Change in Control (as defined in the Employment Agreement), any portion of the Retention Incentive not yet paid to Executive, less deductions required by law, shall be paid to Executive upon the Change in Control.

c. Nothing in this Agreement shall be construed to deprive Executive of any rights to receive annual incentive bonus payments, if any, made in the ordinary course by the Company to its senior executives, subject to approval by the Board based upon the recommendation of the Compensation Committee of the Board or any previously communicated retention programs.

3. Termination of Employment Prior to the End of the Retention Period.

a. The Company shall have the right to terminate the Executive's employment at any time, and the Executive shall have the right to terminate his employment at any time. Any such termination shall have the effects described in this Section 3.

b. If before the end of the Retention Period, (i) the Executive's employment is considered to have been terminated by the Executive for "Good Reason" (as defined in the Employment Agreement), or (ii) the Company terminates Executive's employment without "Cause" (as defined in the Employment Agreement), the Executive shall be paid, on the first day of the seventh calendar month following such termination, the Retention Incentive that would have been paid to Executive but for the early termination of Executive's employment for the entire Retention Period.

c. If the Executive voluntarily ends his employment without Good Reason or his employment is terminated by the Company for Cause before the end of the Retention Period, the Executive shall forfeit any and all Retention Incentive payments, unless any such payments have been made to the Executive pursuant to Section 2(a) of this Agreement, in which case such payments will be retained by the Executive.

4. Existing Employment Agreement

This Agreement shall not supersede, but shall be supplemental to, any Employment Agreement, other contract of employment or other agreement in effect between the Company and the Executive governing the terms and conditions of the Executive's employment with the Company as of the date of execution hereof. Notwithstanding the foregoing, and notwithstanding any provision of any Employment Agreement to the contrary, any Retention Incentive paid to the Executive pursuant to this Agreement will not be taken into account in determining any amounts payable to the Executive pursuant to the term of any Employment Agreement.

5. 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, although the obligations of the Executive are personal and may be performed only by him. The Company may assign this Agreement without Executive’s consent, but any such assignment shall not relieve the Company of its obligations hereunder.

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

SPECTRUM BRANDS, INC.

By: /s/ Kent J. Hussey
Its: CEO

EXECUTIVE:

/s/ David R. Lumley

EXHIBIT 10.20

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “Agreement”) is entered into and effective as of the 9th day of June, 2008 (“Effective Date”) by and between Spectrum Brands, Inc. (the “Company”), and **Amy Yoder** (the “Executive”).

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Board”) believes that the next twelve to eighteen months will be a critical period for the future success of the Company; and

WHEREAS, the Company and the Executive have entered into a certain Employment Agreement, dated March 27, 2007 (the “Employment Agreement”); and

WHEREAS, the Board believes that ensuring that the continuing services of the Executive are provided during this period, the Board has authorized executive management of the Company to provide the Executive with a Retention Incentive upon the terms and conditions set forth herein, and the Executive is willing and able to continue his employment to achieve such Retention Incentive on such terms and conditions.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements contained herein, 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. Retention Period.

   The retention period shall be the period from the Effective Date through and including December 31, 2009 (the “Retention Period”).

2. Retention Incentive

   a. To the extent the Executive remains employed by the Company through the Retention Period, at certain times during the Retention Period the Executive shall be paid a cash “Retention Incentive” in an amount equal to $600,000, which equals 150% of Executive’s annual base salary in effect as of the Effective Date, as follows:

      (i) If the Executive is actively employed by the Company on December 31, 2008, the Executive will be paid, on the Company’s first payroll date following December 31, 2008, 50% of the Retention Incentive, less deductions required by law.

      (ii) If the Executive is actively employed by the Company on December 31, 2009, the Executive will be paid, on the Company’s first payroll date following December 31, 2009, 50% of the Retention Incentive, less deductions required by law.

b. If, before the end of the Retention Period, there occurs a Change in Control (as defined in the Employment Agreement), any portion of the Retention Incentive not yet paid to Executive, less deductions required by law, shall be paid to Executive upon the Change in Control.

c. Nothing in this Agreement shall be construed to deprive Executive of any rights to receive annual incentive bonus payments, if any, made in the ordinary course by the Company to its senior executives, subject to approval by the Board based upon the recommendation of the Compensation Committee of the Board or any previously communicated retention programs.

3. Termination of Employment Prior to the End of the Retention Period.

a. The Company shall have the right to terminate the Executive's employment at any time, and the Executive shall have the right to terminate his employment at any time. Any such termination shall have the effects described in this Section 3.

b. If before the end of the Retention Period, (i) the Executive's employment is considered to have been terminated by the Executive for "Good Reason" (as defined in the Employment Agreement), or (ii) the Company terminates Executive's employment without "Cause" (as defined in the Employment Agreement), the Executive shall be paid, on the first day of the seventh calendar month following such termination, the Retention Incentive that would have been paid to Executive but for the early termination of Executive's employment for the entire Retention Period.

c. If the Executive voluntarily ends his employment without Good Reason or his employment is terminated by the Company for Cause before the end of the Retention Period, the Executive shall forfeit any and all Retention Incentive payments, unless any such payments have been made to the Executive pursuant to Section 2(a) of this Agreement, in which case such payments will be retained by the Executive.

4. Existing Employment Agreement

This Agreement shall not supersede, but shall be supplemental to, any Employment Agreement, other contract of employment or other agreement in effect between the Company and the Executive governing the terms and conditions of the Executive's employment with the Company as of the date of execution hereof. Notwithstanding the foregoing, and notwithstanding any provision of any Employment Agreement to the contrary, any Retention Incentive paid to the Executive pursuant to this Agreement will not be taken into account in determining any amounts payable to the Executive pursuant to the term of any Employment Agreement.

5. 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, although the obligations of the Executive are personal and may be performed only by him. The Company may assign this Agreement without Executive's consent, but any such assignment shall not relieve the Company of its obligations hereunder.

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

SPECTRUM BRANDS, INC.

BY: /s/ Kent J. Hussey
Its: CEO

EXECUTIVE:

/s/ Amy J. Yoder

EXHIBIT 10.21

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (the “Amendment”) is entered into as of the 9th day of June, 2008 (the “Effective Date”), by and between Spectrum Brands, Inc. (“the “Company”) and Kent J. Hussey (the “Executive”).

WHEREAS, the Company and the Executive previously entered into an Amended and Restated Employment Agreement, dated April 1, 2005, as amended by that certain Amendment to Employment Agreement dated as of June 29, 2007 (together, the “Agreement”); and

WHEREAS, the Company and the Executive wish to amend certain provisions of the Agreement in recognition of the Executive’s past services to the Company and the importance to the future success of the Company of the Executive’s continued services; and

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

1. Capitalized Terms not defined herein shall have the meanings given those terms in the Agreement.

2. The Executive’s Base Salary, payable pursuant to Section 3(a) of the Agreement, is increased from $750,000 to $825,000, effective June 1, 2008.

3. The target on which the Executive’s Bonus, payable pursuant to Section 3(b) of the Agreement, is based is increased from 100% of the Executive’s annual base salary to 125% of the Executive’s annual base salary, effective with the bonus payable to the Executive for the Company’s 2008 fiscal year.

4. The target on which the Executive’s long-term incentive award, payable pursuant to Section 3(e) of the Agreement, is based is increased from 150% of the Executive’s annual base salary to 175% of the Executive’s annual base salary, effective with the long-term incentive award payable to the Executive for the Company’s 2009 fiscal year.

5. The Company shall grant the Executive restricted shares of the Company’s common stock as follows. On the Effective Date, the Executive shall be awarded 100,000 shares of the Company’s common stock, shares that will include restrictions prohibiting the sale, transfer, pledge, assignment or other encumbrance of such stock (“Restricted Shares”); provided, however, that all such restrictions on one-half of the Restricted Shares shall lapse on the first anniversary of the Effective Date and that all such restrictions on the remaining Restricted Shares shall laps on the second anniversary of the Effective Date. Notwithstanding anything else set forth above, (i) restrictions on Restricted Shares shall also lapse on the earlier of a

change in control of the Company (as defined in the company’s stock plan governing such award) (“Change in Control and (ii) any unlapsed shares of Restricted Stock shall be forfeited to the Company in the event the Executive’s employment with the Company terminates prior to the earlier of a Change in Control, for any reason other than a termination of the Executive’s employment by the Company without Cause, by the Executive as a result of a Constructive Termination, or upon death or Disability hereunder. Additional terms and conditions of such restricted stock award shall be set forth in an agreement with such terms and conditions being substantially similar (other than as set forth above) to the terms and conditions of restricted stock award granted to Executive on October 1, 2007.

6. Except as modified by this Amendment, the Agreement remains in full force and effect, and the execution of this Amendment shall not affect the rights of the Company or the Executive under the terms of the Agreement as in effect immediately prior to the Effective Date with respect to events occurring before the Effective Date.

[Signature Page Follows]

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

SPECTRUM BRANDS, INC

/s/ John T. Wilson

By: John T. Wilson, VP, Secretary and General Counsel

EXECUTIVE:

/s/ Kent J. Hussey

Name: Kent J. Hussey

EXHIBIT 10.22

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is entered into as of the 9th day of June, 2008 (the "Effective Date"), by and between Spectrum Brands, Inc. ("the "Company") and Amy J. Yoder (the "Executive").

WHEREAS, the Company and the Executive previously entered into an Employment Agreement dated March 27, 2007 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend certain provisions of the Agreement in recognition of the Executive's past services to the Company and the importance to the future success of the Company of the Executive's continued services; and

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

1. Capitalized Terms not defined herein shall have the meanings given those terms in the Agreement.

2. The target on which the Executive's Bonus, payable pursuant to Section 3(b) of the Agreement, is based is increased from 75% of the Executive's annual base salary to 100% of the Executive's annual base salary, effective with the bonus payable to the Executive for the Company's 2008 fiscal year.

3. Except as modified by this Amendment, the Agreement remains in full force and effect, and the execution of this Amendment shall not affect the rights of the Company or the Executive under the terms of the Agreement as in effect immediately prior to the Effective Date with respect to events occurring before the Effective Date.

[Signature Page Follows]

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

SPECTRUM BRANDS, INC

/s/ Kent J. Hussey

By: Kent J. Hussey, CEO

EXECUTIVE:

/s/ Amy J. Yoder

Name: Amy J. Yoder

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this "Agreement") is entered into and effective as of the 5th day of August, 2008 ("Effective Date") by and between Spectrum Brands, Inc. (the "Company"), and John A. Heil (the "Executive").

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Board") believes that the next twelve to eighteen months will be a critical period for the future success of the Company; and

WHEREAS, the Company and the Executive have entered into a certain Amended and Restated Employment Agreement, dated January 16, 2007 (the "Employment Agreement"); and

WHEREAS, in connection with the planned sale of the Company's Global Pet Supplies business (the "Pet Business), the Company and the Executive entered into that certain Letter Agreement dated June 9, 2007 (the "Letter Agreement") that, in part, provided that on a sale of the Pet Business, the Executive would receive a transaction bonus in the amount of $337,500 (the "Transaction Bonus"); and

WHEREAS, the agreement to sell the Pet Business has been terminated; and

WHEREAS, in light of the planned sale of the Pet Business, the Executive was not previously given the retention agreement that was previously given to the other members of the Company's Spectrum Leadership Team other than the Chief Executive Officer and the Compensation Committee believes that, in light of the decision to retain the Pet Business, it is appropriate to enter into such a retention agreement at this time; and

WHEREAS, the Board believes that ensuring that the continuing services of the Executive are provided during this period, the Board has authorized executive management of the Company to provide the Executive with a Retention Incentive upon the terms and conditions set forth herein, and the Executive is willing and able to continue his employment to achieve such Retention Incentive on such terms and conditions.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements contained herein, 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. Letter Agreement.

The paragraph entitled "Transaction Bonus" in the Letter Agreement is hereby deleted in its entirety and shall be of no further force or effect. For the avoidance of doubt, the Executive shall no longer be entitled to receive the Transaction Bonus set forth in the Letter Agreement upon a sale of the Pet Business. Except as modified herein, the Letter Agreement shall continue in full force and effect.

2. Retention Period.

The retention period shall be the period from the Effective Date through and including December 31, 2009 (the "Retention Period").

3. Retention Incentive

a. To the extent the Executive remains employed by the Company through the Retention Period, at certain times during the Retention Period the Executive shall be paid a cash "Retention Incentive" in an amount equal to $675,000, which equals 150% of Executive's annual base salary in effect as of the Effective Date, as follows:

(i) If the Executive is actively employed by the Company on December 31, 2008, the Executive will be paid, on the Company's first payroll date following December 31, 2008, 50% of the Retention Incentive, less deductions required by law.

(ii) If the Executive is actively employed by the Company on December 31, 2009, the Executive will be paid, on the Company's first payroll date following December 31, 2009, 50% of the Retention Incentive, less deductions required by law.

b. If, before the end of the Retention Period, there occurs a Change in Control (as defined in the Employment Agreement), any portion of the Retention Incentive not yet paid to Executive, less deductions required by law, shall be paid to Executive upon the Change in Control.

c. Nothing in this Agreement shall be construed to deprive Executive of any rights to receive annual incentive bonus payments, if any, made in the ordinary course by the Company to its senior executives, subject to approval by the Board based upon the recommendation of the Compensation Committee of the Board or any previously communicated retention programs.

4. Termination of Employment Prior to the End of the Retention Period.

a. The Company shall have the right to terminate the Executive's employment at any time, and the Executive shall have the right to terminate his employment at any time. Any such termination shall have the effects described in this Section 4.

b. If before the end of the Retention Period, (i) the Executive's employment is considered to have been terminated by the Executive for "Good Reason" (as defined in the Employment Agreement), or (ii) the Company terminates

Executive’s employment without “Cause” (as defined in the Employment Agreement), the Executive shall be paid, on the first day of the seventh calendar month following such termination, the Retention Incentive that would have been paid to Executive but for the early termination of Executive’s employment for the entire Retention Period.

c. If the Executive voluntarily ends his employment without Good Reason or his employment is terminated by the Company for Cause before the end of the Retention Period, the Executive shall forfeit any and all Retention Incentive payments, unless any such payments have been made to the Executive pursuant to Section 4(a) of this Agreement, in which case such payments will be retained by the Executive.

5. Existing Employment Agreement

This Agreement shall not supersede, but shall be supplemental to, any Employment Agreement, other contract of employment or other agreement in effect between the Company and the Executive governing the terms and conditions of the Executive’s employment with the Company as of the date of execution hereof. Notwithstanding the foregoing, and notwithstanding any provision of any Employment Agreement to the contrary, any Retention Incentive paid to the Executive pursuant to this Agreement will not be taken into account in determining any amounts payable to the Executive pursuant to the term of any Employment Agreement.

6. 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, although the obligations of the Executive are personal and may be performed only by him. The Company may assign this Agreement without Executive’s consent, but any such assignment shall not relieve the Company of its obligations hereunder.

[Signatures on following page]

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

SPECTRUM BRANDS, INC.

By: /s/ Kent J. Hussey

Kent J. Hussey, Chief Executive Officer

EXECUTIVE:

/s/ John A. Heil

John A. Heil

Exhibit 31.1

CERTIFICATIONS

I, Kent J. Hussey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2008

/s/ KENT J. HUSSEY

Kent J. Hussey
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Anthony L. Genito, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2008

/s/ ANTHONY L. GENITO

Anthony L. Genito
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands, Inc. (the "Company") for the quarterly period ended June 29, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kent J. Hussey, 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/ KENT J. HUSSEY
Name:	**Kent J. Hussey**
Title:	**Chief Executive Officer**
Date:	**August 8, 2008**

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

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands, Inc. (the “Company”) for the quarterly period ended June 29, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Anthony L. Genito, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANTHONY L. GENITO

Name:	**Anthony L. Genito**
Title:	**Chief Financial Officer**
Date:	**August 8, 2008**

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.