



## Harbinger Group Inc. Announces Full Year 2010 Financial Results

March 12, 2011

NEW YORK, Mar 11, 2011 (BUSINESS WIRE) --

Harbinger Group Inc. ("HGI"; NYSE: HRG) today announced its consolidated financial results for the year ended December 31, 2010. HGI reported a net loss of \$22.3 million or \$(1.16) per share as a result of costs incurred in implementing its business strategy including interest expense in connection with the raising of capital.

During 2010, HGI announced its first transaction in line with its strategy to acquire significant equity stakes in businesses across a diversified range of industries. HGI acquired a majority interest in global consumer products company Spectrum Brands Holdings, Inc. in a share exchange completed in January 2011.

Additionally, in November 2010 HGI completed its offering of \$350 million aggregate principal amount of 10.625% Senior Secured Notes due 2015. Including these proceeds, the combined value of HGI's cash, cash equivalents and short-term investments as of December 31, 2010 is \$471.1 million, which includes \$360.1 million of restricted cash. The restricted cash became unrestricted with the subsequent completion of the Spectrum share exchange.

On March 7, 2011, HGI announced its second major transaction in line with its overall strategy. HGI has acquired Harbinger OM, LLC, which is the purchasing party to a definitive agreement to acquire Old Mutual U.S. Life Holdings, Inc. ("U.S. Life") for \$350 million. The purchase price represents approximately 39% of U.S. Life's statutory capital as of December 31, 2010. U.S. Life is a leading provider of fixed annuity and life insurance products. The acquisition of U.S. Life is expected to close around the end of HGI's second fiscal quarter ending April 3, 2011, after receipt of regulatory approvals. The purchase price will be funded from cash on hand.

HGI's net loss for the year ended December 31, 2010 increased \$9.0 million from \$13.3 million for the year ended December 31, 2009. The increase in net loss principally resulted from increases in professional fees associated with advisors retained to evaluate business acquisition opportunities, such as Spectrum Brands Holdings, Inc., and the related public company filings, interest expense on its \$350 million Senior Secured Notes and to a much lesser extent, employee and other costs associated with relocating the corporate headquarters to New York City.

### About Harbinger Group Inc.

HGI is a holding company that seeks to acquire significant interests in businesses across a diverse range of industries and bring an owner's perspective to building long-term value for stockholders. As of December 31, 2010, HGI had \$471.1 million in consolidated cash, cash equivalents and short-term investments, which includes \$360.1 million in restricted cash that has subsequently become unrestricted. A majority of HGI's outstanding common stock is owned by investment funds affiliated with Harbinger Capital Partners LLC. HGI makes certain reports available free of charge on its website at [www.harbingergroupinc.com](http://www.harbingergroupinc.com) as soon as reasonably practicable after this information is electronically filed, or furnished to, the United States Securities and Exchange Commission.

### About Harbinger Capital Partners

Harbinger Capital Partners is a multi-billion dollar private investment fund based in New York. The firm was founded in 2001 and employs a fundamental approach to deep value and distressed credit investing. Harbinger Capital Partners is led by Philip A. Falcone, its Chief Executive Officer, who has more than 20 years of investment experience across an array of market cycles.

### About Spectrum Brands Holdings, Inc.

Spectrum Brands Holdings, Inc., a member of the Russell 2000 Index, is a global consumer products company and a leading supplier of batteries, shaving and grooming products, personal care products, small household appliances, specialty pet supplies, lawn & garden and home pest control products, personal insect repellents and portable lighting. Helping to meet the needs of consumers worldwide, included in its portfolio of widely trusted brands are Rayovac(R), Remington(R), Varta(R), George Foreman(R), Black&Decker Home(R), Toastmaster(R), Tetra(R), Marineland(R), Nature's Miracle(R), Dingo(R), 8-in-1(R), Littermaid(R), Spectracide(R), Cutter(R), Repel(R), and HotShot(R). Spectrum Brands Holdings' products are sold by the world's top 25 retailers and are available in more than one million stores in more than 120 countries around the world. Spectrum Brands Holdings generates annual net sales in excess of \$3 billion. For more information, visit [www.spectrumbrands.com](http://www.spectrumbrands.com).

### About Old Mutual U.S. Life Holdings, Inc. and the U.S. Life Acquisition

U.S. Life, through its insurance subsidiaries, is a leading provider of fixed annuity and life insurance products, with approximately 800,000 policyholders in the U.S. and a distribution network of approximately 300 independent marketing organizations representing approximately 24,000 agents nationwide. Mr. Lee Launer will become Chairman and Chief Executive Officer of U.S. Life upon completion of the acquisition. The acquisition of U.S. Life will be made pursuant to a stock purchase agreement signed by Harbinger OM, LLC with OM Group (UK) Limited in August 2010, as amended in February 2011. Following extensive review and unanimous approval by a special committee of HGI's board of directors, consisting solely of independent directors, HGI accepted an offer from an affiliate of Harbinger Capital Partners to acquire Harbinger OM, LLC and its right to acquire 100% of U.S. Life for \$350 million (subject to potential decrease post-closing). HGI has agreed to reimburse Harbinger for certain of its out-of-pocket expenses incurred in connection with the transaction. The special committee received an opinion of Gleacher & Company Securities, Inc. that the consideration to be paid in the U.S. Life acquisition is fair to HGI from a financial point of view. The U.S. Life acquisition is subject to customary closing conditions for similar transactions, including receipt of approval by the Maryland and New York insurance departments.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Some of the statements contained in this press release may be forward-looking statements based upon management's current expectations that are subject to risks and uncertainties that could cause actual results, events and developments to differ materially from those set forth in or implied by the forward-looking statements. These statements and other forward-looking statements made from time-to-time by Harbinger Group Inc. (the "Company") are based upon certain assumptions and describe future plans, strategies and expectations of the Company and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation, capital market conditions, the risk that the Company may not be successful in identifying any suitable future acquisition opportunities, the risks that may affect the performance of Spectrum Brands Holdings, Inc, and those factors listed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. All forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. The Company does not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

**HARBINGER GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Revenues	\$ -	\$ -
Cost of revenues	-	-
Gross profit	-	-
Operating expenses:		
General and administrative	18,846	6,290
Total operating expenses	18,846	6,290
Operating loss	(18,846 )	(6,290 )
Other income (expense):		
Interest expense	(4,963 )	-
Interest income	220	229
Other, net	523	1,280
	(4,220 )	1,509
Loss before income taxes	(23,066 )	(4,781 )
(Provision for) benefit from income taxes	758	(8,566 )
Net loss	(22,308 )	(13,347 )
Less: Net loss attributable to the noncontrolling interest	3	3
Net loss attributable to Harbinger Group Inc.	\$ (22,305 )	\$ (13,344 )
Net loss per common share - basic and diluted	\$ (1.16 )	\$ (0.69 )
Weighted average common shares outstanding - basic and diluted	19,286	19,280

**HARBINGER GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands)

	<b>December 31,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 39,311	\$ 127,932
Short-term investments	71,688	15,952
Prepaid expenses and other current assets	799	530
Total current assets	111,798	144,414

Restricted cash	360,133	-
Long-term investments	-	8,039
Property and equipment, net	137	35
Debt issuance costs, net	11,395	-
Other assets	471	395
Total assets	\$ 483,934	\$ 152,883

#### LIABILITIES AND EQUITY

Current liabilities:		
Accounts payable	\$ 2,728	\$ 593
Accrued and other current liabilities	7,414	1,874
Total current liabilities	10,142	2,467
Long-term debt	345,146	-
Pension liabilities	3,611	3,519
Other liabilities	709	1,100
Total liabilities	359,608	7,086
Commitments and contingencies		
Harbinger Group Inc. stockholders' equity:		
Common stock	193	193
Additional paid in capital	132,773	132,638
Retained earnings	1,543	23,848
Accumulated other comprehensive loss	(10,210 )	(10,912 )
Total Harbinger Group Inc. stockholders' equity	124,299	145,767
Noncontrolling interest	27	30
Total equity	124,326	145,797
Total liabilities and equity	\$ 483,934	\$ 152,883

SOURCE: Harbinger Group Inc.

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