



Spectrum Brands Receives Court Authorization to Access New Financing Pursuant to a \$235 Million DIP Facility as It Implements Pre-Negotiated Restructuring

February 6, 2009

Court Grants Approval For "First Day Motions" Requested By Company

ATLANTA--(BUSINESS WIRE)--Spectrum Brands (OTHER OTC: [SPCB](#) - [News](#)) today announced that it has received interim court approval to access new financing pursuant to a \$235 million debtor-in-possession ("DIP") facility to satisfy customary obligations associated with its ongoing operations as it seeks to implement a pre-negotiated restructuring of its debt. Spectrum Brands also received interim or final court approval for a variety of other customary "First Day Motions" the Company submitted in conjunction with its voluntary filing for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The relief granted by the court will help ensure that Spectrum and all of its operating units in the U.S. and around the world continue to meet their respective obligations, subject to applicable limitations, to their suppliers, customers and employees in the ordinary course of business during the restructuring process, which is expected to be completed in approximately four to six months.

As previously announced, Spectrum Brands has reached agreements with noteholders representing, in the aggregate, approximately 70% of the face value of its outstanding bonds to pursue a refinancing that, if implemented as proposed, will significantly reduce the Company's outstanding debt and put the Company in a stronger financial position for the future. To implement the refinancing in the most efficient manner and to take advantage of certain tax benefits, on February 3, 2009, Spectrum Brands and its U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 in the U.S. Bankruptcy Court for the Western District of Texas, San Antonio Division. The main case number is 09-50456. The Company's non-U.S. operations, which are legally separate, are not included in the Chapter 11 proceedings.

Spectrum Brands has received commitments for \$235 million in DIP financing from certain of its existing Asset Backed Facility ("ABL") lenders with a participating interest from certain of the Company's existing noteholders, which represents an incremental \$70 million in cash availability at the outset of the proceedings, subject to certain limitations and reserves. All of Spectrum Brands' ongoing international operations are cash-flow positive.

At a hearing in San Antonio on February 5, 2009, the Company received interim court authorization to access up to the full available amount of the \$235 million DIP financing commitment. The Company also received "first day" authorization to pay certain pre-filing obligations in the ordinary course of business, as necessary to maintain continuing operations during the case. Among other things, Spectrum Brands received court authorization to:

- Provide employee compensation, benefits and expense reimbursements and related obligations without interruption and continue these programs after the filing;
- Honor customer obligations and continue certain customer programs and practices; and
- Facilitate the continuation of the Company's cash management systems and other business operations.

A hearing at which the Company will seek final court approval for the DIP financing and certain other First Day Motions will be held March 4, 2009. Any valid obligation not authorized for payment by the Bankruptcy Court under these "first day" authorizations would in any event be paid in full under the Company's plan of reorganization, if approved and implemented as proposed. Under the plan, if approved as proposed, the Company would pay suppliers in full for their claims upon consummation of the plan.

Kent Hussey, Chief Executive Officer of Spectrum Brands, said: "We are pleased to have received this initial authorization from the court for a number of critical 'First Day Motions' that will help us conduct business in the ordinary course as we move forward to implement our proposed financial restructuring as quickly as possible. If the refinancing is implemented as proposed, it would reduce the amount of debt on our balance sheet by approximately \$840 million, eliminate approximately \$95 million in annual cash interest payments for at least each of the next two years, and free up additional cash that can be reinvested in the business to support meaningful revenue and profit growth."

Additional information about the restructuring is available on the Company's web site at www.spectrumbrands.com. In addition, the following hotlines are available as follows: for Customers at 866-441-2487; for Suppliers at 866-499-7557; and for Investors at 866-338-2415.

Certain matters discussed in this news release, with the exception of historical matters, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of risks and uncertainties that could cause results to differ materially from those anticipated as of the date of this release. Actual results may differ materially as a result of (1) risks that the bankruptcy filing and the related cases disrupt current plans and operations; (2) risks that the Company's businesses could suffer from the loss of key customers, suppliers or personnel during the pendency of the bankruptcy cases, (3) risks that the Company will be able to maintain sufficient liquidity for the pendency of the bankruptcy cases, (4) risks that changes and developments in external competitive market factors, such as introduction of new product features or technological developments, development of new competitors or competitive brands or competitive promotional activity or spending, (5) changes in consumer demand for the various types of products Spectrum Brands offers, (6) unfavorable developments in the global credit markets, (7) the impact of overall economic conditions on consumer spending, (8) fluctuations in commodities prices, the costs or availability of raw materials or terms and conditions available from suppliers, (9) changes in the general economic conditions in countries and regions where Spectrum Brands does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (10) the Company's ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (11) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in Spectrum Brands' securities filings, including the most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q. Spectrum Brands also cautions the reader that its estimates of trends, market share, retail consumption of its products and reasons for changes in such consumption are based solely on limited data

available to Spectrum Brands and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market.

The Company also cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this release. Spectrum Brands undertakes no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes.

About Spectrum Brands, Inc.

Spectrum Brands is a global consumer products company and a leading supplier of consumer Batteries, specialty pet supplies, shaving and grooming products, household and lawn insect and pest control products, personal care products and portable lighting. Spectrum Brands' 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. Headquartered in Atlanta, Georgia, Spectrum Brands generated fiscal year 2008 net sales of \$2.7 billion.

Contact: Spectrum Brands, Inc.

Investor Contact:

Carey Phelps, 866-338-2415 DVP Investor Relations & Corporate Communications or Kekst and Company for Spectrum Brands

Media Contact: Michael Freitag or Victoria Weld, 212-521-4800

Source: Spectrum Brands, Inc.