Spectrum Brands, Inc.
Form 10-K/A
January 28, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended September 30, 2010.

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 No. 001-13615

SPECTRUM BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**22-2423556**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification Number)**
601 Rayovac Drive, Madison, Wisconsin	**53711**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the Act). Yes ¨ No ¨

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act 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 x No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No ¨

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This amendment (this Amendment No. 1) amends Spectrum Brands, Inc. s (SBI or the Company) Annual Report on Form 10-K for the fiscal year ended September 30, 2010 (the Original 10-K), which was originally filed with the Securities and Exchange Commission (the SEC) on December 14, 2010.

This Amendment No. 1 is being filed solely to provide the information required by Part III of Form 10-K (Items 10 through 14) that was previously omitted from the Original 10-K. As of the date of this Amendment No. 1, we do not intend to file a definitive proxy statement containing the information required in Part III, nor do we expect to hold an annual meeting of stockholders during the 2011 fiscal year.

No other changes have been made to the Original 10-K. The Original 10-K continues to speak as of the date it was filed, and the disclosures therein have not been updated to reflect any events that occurred thereafter other than as expressly indicated herein. This Amendment No. 1 should therefore be read in conjunction with the Original 10-K and our other filings with the SEC on and after December 14, 2010. This Amendment No. 1 consists solely of the preceding cover page, this explanatory note, Part III (Items 11 through 14), Part IV (Item 15), the signature page and the certifications required to be filed hereto.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.
Board of Directors

The members of SBI s board of directors are as follows:

David R. Lumley **Age 56**	Mr. Lumley has served as one of our directors since April 2010 and has served as a director of Spectrum Brands Holdings, Inc. (SB Holdings) since June 2010. Mr. Lumley has served as SB Holdings Chief Executive Officer, President, Global Batteries and Appliances and President, Home & Garden since June 2010. Mr. Lumley has served as our Chief Executive Officer since April 2010, and previously served as our Co-Chief Operating Officer from January 2007 to April 2010. Mr. Lumley was appointed our President, Global Batteries and Personal Care in January 2007, and in October 2008 his area of responsibility was expanded to include the Home and Garden Business. Prior to that time, he had served as our President, North America from the time he joined the Company in January 2006. Mr. Lumley joined the Company from his position as President, Rubbermaid Home Products North America, which he had held since January 2004. Prior to his position at Rubbermaid, Mr. Lumley had been president and Chief Executive Officer of EAS, a leading sports nutrition company, since 2001. His background includes more than 25 years experience in the consumer products industry, including having served as President of Brunswick Bicycles, President of OMC International, Senior Vice President, Sales and Marketing at Outboard Marine Corporation, and in a variety of leadership positions with Wilson Sporting Goods Co. and other companies. During the past five years, Mr. Lumley has served on the board of directors of Outboard Marine Corporation, Newell-Rubbermaid Inc., Brunswick Corporation and Botanic Oil Innovations, Inc. Mr. Lumley holds an undergraduate degree from Western Illinois University, and Masters of Journalism and Masters of Business Administration degrees from Northwestern University. Mr. Lumley s experience with the operations of the Company and its subsidiaries led the Board of Directors to conclude that he should be a member of the Board of Directors.

Anthony L. Genito

Age 54

Mr. Genito has served as one of our directors since June 2010. Mr. Genito was appointed SB Holdings Executive Vice President, Chief Financial Officer and Chief Accounting Officer in June 2010. Mr. Genito has also served as Executive Vice President, Chief Financial Officer and Chief Accounting Officer of the Company since October 2007. He previously had served as our Senior Vice President, Chief Financial Officer and Chief Accounting Officer since June 2007. From October 2005 until June 2007, Mr. Genito served as our Senior Vice President and Chief Accounting Officer, and from June 2004, when he joined the Company, until October 2005, he served as Vice President, Finance and Chief Accounting Officer. Before joining the Company, Mr. Genito was employed for twelve years at Schering-Plough Corporation in various financial management positions, including serving as Vice President Global Supply Chain from July 2002 to June 2004. He began his career at Deloitte & Touche. Mr. Genito s expertise in accounting, financial management and experience with the operations of the Company and its subsidiaries led the Board of Directors to conclude that he should be a member of the Board of Directors.

Executive Officers Who Are Not Directors

In addition to the directors named above, who are also executive officers of the Company, set forth below is certain information concerning non-director employees who serve as executive officers of the Company. Except for SB Holdings, Russell Hobbs, Inc. (Russell Hobbs), United Industries Corporation (United), and the United Pet Group division of United, none of the corporations or other organizations referred to below with which an executive officer has been employed or otherwise associated is a parent, subsidiary or other affiliate of the Company.

Mr. John A. Heil, age 58, was appointed SB Holdings President, Global Pet Supplies in June 2010. Prior to that time, he had served as our Co-Chief Operating Officer and President, Global Pet Supplies since January 2007. He served as our President, Global Pet, from October 1, 2005 until January 2007. Prior to that time he had served as our President, United Pet Group division of United, since April 2005, shortly after our acquisition of United in February 2005. Mr. Heil had served as President and Chief Executive Officer of the United Pet Group division of United since United acquired United Pet Group in June 2004. Mr. Heil joined United Pet Group Inc. as Chairman and CEO in June 2000. Prior to that time, he spent twenty-five years with the H.J. Heinz Company in various executive management positions including President and Managing Director of Heinz Pet Products, President of Heinz Specialty Pet and Executive Vice President of StarKist Seafood. Mr. Heil also serves as a director and member of the audit committee of VCA Antech, Inc.

Mr. Terry L. Polistina, age 47, has served as a director of SB Holdings since June 2010. Prior to that time, he had served as a director of the Company from August 2009 to June 2010. Mr. Polistina has served as our President, Small Appliances since June 2010. Prior to that time, Mr. Polistina served as the CEO and President of Russell Hobbs. Mr. Polistina served as Chief Operating Officer at Applica in 2006 to 2007 and Chief Financial Officer from 2001 to 2007, at which time Russell Hobbs acquired Applica. Mr. Polistina also served as a Senior Vice President of Applica since June 1998. Mr. Polistina received an undergraduate degree in finance from the University of Florida and holds a Masters of Business Administration from the University of Miami.

Mr. John T. Wilson, age 36, has served as SB Holdings Senior Vice President, Secretary and General Counsel since June 2010. Mr. Wilson was appointed our Senior Vice President, Secretary and General Counsel in September 2009. He previously had served as our Vice President, Secretary and General Counsel since May 2007. From May 2005, when he joined the Company, until January 2007 he served as Corporate Counsel and from January 2007 to May 2007 he served as a Division Vice President. Mr. Wilson was an attorney with the firm of Sutherland Asbill & Brennan LLP from August 1999 to May 2005. He received his J.D., with high honors, from the University of North Carolina at Chapel Hill School of Law and also holds a B.A. in Political Science and Economics from the University of North Carolina at Chapel Hill.

ITEM 11. EXECUTIVE COMPENSATION.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis section sets forth a description of our practices regarding executive compensation matters, with respect to our named executive officers. You should read this section together with the executive compensation tables and narratives which follow, as those sections and this section inform one another. In this Compensation Discussion and Analysis, the terms the Company, we, our or us are used to refer to Spectrum Brands Holdings, Inc. and, where applicable, its subsidiaries, including Spectrum Brands, Inc., SB Holdings refers only to Spectrum Brands Holdings, Inc., SBI refers to Spectrum Brands, Inc. and the Board of Directors refers to the Board of Directors of SB Holdings.

Compensation policies for SB Holdings and SBI s named executive officers are developed, adopted, reviewed and maintained by the Compensation Committee of SB Holdings (the Compensation Committee). Prior to the business combination transaction completed on June 16, 2010 (the Merger), the compensation policies of SBI were determined by the Compensation Committee of SBI.

Our Named Executive Officers

The Company s named executive officers for Fiscal 2010 consist of the following persons:

Named Executive	Position
David R. Lumley	Chief Executive Officer, President, Global Batteries and Personal Care and Home and Garden and Director
Kent J. Hussey	Former Chief Executive Officer of SBI and former Chairman of the Board of SBI
Anthony L. Genito	Executive Vice President, Chief Financial Officer and Chief Accounting Officer
John A. Heil	President Global Pet Supplies
Terry L. Polistina	President Small Appliances
John T. Wilson	Senior Vice President, Secretary and General Counsel

Mr. Hussey ceased to be an employee of SBI as of May 31, 2010 and ceased to serve in any capacity with the Company, including as Chairman of the Board of SBI, as of June 16, 2010. When we refer to our current named executive officers we are referring to Messrs. Lumley, Genito, Heil, Polistina and Wilson. The Company had no other executive officers during Fiscal 2010.

Our Compensation Committee

The Compensation Committee is responsible for developing, adopting, reviewing and maintaining the Company s executive compensation programs in order to ensure that they continue to benefit the Company. The current members of the Compensation Committee are Kenneth C. Ambrecht, Eugene I. Davis and David M. Maura. Prior to the Merger, which was consummated on June 16, 2010, these duties were the responsibility of SBI s Compensation Committee, which ceased to exist as of the date of the Merger. Prior to the date of the Merger, the members of SBI s Compensation Committee were Kenneth C. Ambrecht, Eugene I. Davis, Norman S. Matthews and Hugh R. Rovit.

Background on Compensation Considerations

The Company pursues several objectives in determining its executive compensation programs. It seeks to attract and retain highly qualified executives and ensure continuity of senior management for the Company as a whole and for each of the Company s business segments to the extent consistent with the overall objectives and circumstances of the Company. It seeks to align the compensation paid to our executives with the overall business strategies of the Company while leaving the flexibility necessary to respond to changing business priorities and circumstances. It also seeks to align the interests of our executives with those of our stockholders and seeks to reward our executives when they perform in a manner that creates value for our stockholders. In order to carry out this function, the Compensation Committee:

Considers the advice of independent compensation consultants engaged to advise on executive compensation issues and program design, including advising on the Company s compensation program as it compares to similar companies;

Reviews compensation summaries for each named executive officer at least once a year, including the compensation and benefit values offered to each executive, accumulated value of equity and other past compensation awards, and other contributors to compensation;

Consults with our Chief Executive Officer and other management personnel and Company consultants, including our Vice President of Corporate Human Resources, in regards to compensation matters and periodically meets in executive session without management to evaluate management s input; and

Solicits comments and concurrence from other board members regarding its recommendations and actions at the Company s regularly scheduled board meetings.

Due to the Merger, Fiscal 2010 was a year of transition for the Company and that transition extended to its compensation programs. In previous years, including Fiscal 2009, the Company s compensation programs were designed with a primary goal of supporting a Company operating in a challenging financial environment and attempting to alleviate a burdenson debt structure. However, in February 2009, SBI and its wholly-owned U.S. subsidiaries filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code. SBI and its subsidiaries emerged from bankruptcy in August 2009. Among the other impacts of SBI s bankruptcy, (i) all outstanding stock of SBI, including all shares held by SBI s management and employees and (ii) all outstanding equity grants to SBI s management and employees, including grants made pursuant to each executive s employment agreement and all equity grants made under any then-existing incentive plan, were cancelled. The existing employment agreements with SBI s management personnel, including the then-existing employment agreements with each of the named executive officers (other than Mr. Polistina who was not a Company employee prior to the Merger), otherwise continued in full force and effect.

SBI emerged from bankruptcy as a stronger company focused on profitable growth but also facing the challenges of continuing high debt levels, including expenses from the bankruptcy process, and a labor force, including its management team, that had lost a significant portion of their previous compensation and did not place a high value on equity incentive programs. In addition, upon emergence from bankruptcy, all of the then-existing members of the Board of Directors of SBI other than Mr. Hussey (the then Chief Executive Officer), were replaced. Accordingly, when Fiscal 2010 of SBI began, the existing management team of SBI and its new Board of Directors had just began to operate and develop the strategical direction of the Company, including its compensation policies.

In light of the above, certain portions of the compensation for the Company s management, including the named executive officers (other than Mr. Polistina), were determined prior to the start of Fiscal 2010 by the prior Board of Directors of SBI, certain portions of the compensation for the Company s management had been negotiated as the Company was emerging from bankruptcy (which were then ratified by SBI s Board of Directors upon emergence from bankruptcy), and other portions of the compensation for the Company s management, including the majority of the Company s incentive programs, were designed by the Compensation Committee during the first and second quarters of Fiscal 2010.

During Fiscal 2010, discussions were also initiated between SBI and Russell Hobbs about a potential combination of the two companies. While no definitive agreement had been executed at the time that the Fiscal 2010 compensation programs were finalized, negotiations with Russell Hobbs had sufficiently advanced that the Compensation Committee recognized that there would be additional significant transitions occurring during the remainder of Fiscal 2010 and that ensuring management s continued focus on the performance of our businesses while also carrying out the business combination would be very important.

Following the consummation of the Merger on June 16, 2011, the Company became the parent company of SBI and SBI became the parent company of Russell Hobbs. As a result of the Merger, the Company obtained a significant new business and retained the services of Mr. Polistina, a senior and experienced manager. The Company anticipates that Fiscal 2010 and Fiscal 2011 will require significant integration activities to absorb the operations of Russell Hobbs into the Company.

The Merger also brought with it a new debt structure and a significantly deleveraged company from a total debt and senior debt to adjusted EBITDA perspective, allowing the Compensation Committee to develop a compensation program for Fiscal 2011 and beyond focusing on incentivizing profitable growth and Free Cash Flow (defined below under the heading Fiscal 2011 MIP Program) generation, both generally designed to increase stockholder value.

Philosophy on Performance Based Compensation

The Compensation Committee has designed the Company s executive compensation programs so that, at target levels of performance, a significant portion of the value of each executive s annual compensation (consisting of salary and incentive awards) is based on the Company s achievement of performance objectives set by the Compensation Committee. We believe that a combination of annual fixed base pay and incentive performance-based pay provides our named executive officers with an appropriate mix of current cash compensation (which will allow our management to stay focused on their duties) and performance compensation, (which will encourage our management to work toward the success of our business). However, in applying these compensation programs to both individual and Company circumstances, the percentage of annual compensation based on the Company s achievement of performance objectives set by the Compensation Committee varies by individual, and the Compensation Committee is free to design compensation programs that provide for target-level performance-based compensation to be an amount equal to or less than 50% of total annual compensation. For example, for Fiscal 2011, the percentage of annual compensation based on the Company s achievement of performance objectives set by the Compensation Committee is as set forth below for each named executive officer who continues to be employed by the Company:

Named Executive	% Performance Based
David R. Lumley	93.1%
Anthony L. Genito	86.9%
John A. Heil	92.6%
Terry L. Polistina	92.4%
John T. Wilson	19.9%

The remainder of each executive s compensation is made up of amounts that do not vary based on performance. For all named executive officers, these non-performance based amounts are set forth in such executive s employment agreement and such executive s retention agreement, as described below, subject to review and potential increase by the Compensation Committee. These amounts are determined by the Compensation Committee taking into account current market conditions, the Company s financial condition at the time such compensation levels are determined, compensation levels for similarly situated executives with other companies, experience level and the duties and responsibilities of such executive s position.

A component of compensation (whether time-based or performance-based) also consists of multi-year incentive programs. We believe that awards that vest over time enhance the stability of our senior management team and provide greater incentives for our named executive officers to remain at the Company.

Role of Consultants

Committee-retained consultants

Our Compensation Committee has retained an outside consultant, Towers Watson, to assist us in formulating and evaluating executive and director compensation programs. The Compensation Committee, directly or through our Vice President of Human Resources, periodically requests Towers Watson to:

Provide comparative market date for our peer group, and other groups on request, with respect to compensation matters;

- Analyze our compensation and benefit programs relative to our peer group;

- Advise the Compensation Committee on compensation matters and management proposals with respect to compensation matters;

- Assist in the preparation of this report and the compensation tables provided herewith; and

- On request, participate in meetings of the Compensation Committee.

In order to encourage an independent view point, the Compensation Committee and its members have access to Towers Watson at any time without management present and have consulted from time to time with Towers Watson without management present.

Towers Watson, with input from management and the Compensation Committee, has developed a peer group of 15 companies based on a variety of criteria, including type of business, revenue, assets and market capitalization. The peer group utilized consists of Fortune Brands, Inc., Newell Rubbermaid Inc., Clorox Corporation, Mattel Inc., Jarden Corp., Hasbro Inc., Energizer Holdings, Inc., The Scotts Miracle-Gro Co., Exide Technologies, Church & Dwight Co. Inc., Tupperware Brands Corporation, Central Garden & Pet Co., Alberto-Culver Co., Revlon, Inc. and Elizabeth Arden, Inc. While the Compensation Committee does not target a particular range for total compensation as compared to our peer group, it does take this information into account when establishing compensation programs. The fees paid to Towers Watson for services other than executive and director compensation, were less than $120,000 during Fiscal 2010.

Company-retained consultants

In connection with the Merger, the Company retained the services of Kenneth B. Zeigler, with the firm of Zeigler Executive Search, LLC, as a human resources consultant (i) to participate in the development and implementation of our integration strategy in connection with the acquisition of Russell Hobbs as it relates to Company personnel and human resources matters, (ii) to assist in the development and implementation of the plan to transition all corporate functions previously undertaken at the Company s former headquarters in Atlanta, Georgia to the Company s headquarters in Madison, Wisconsin, including the recruitment of new management employees to replace members of management not relocating to Madison, Wisconsin, (iii) to assist our Vice President of Human Resources in various human resources activities, and (iv) to assist management in the development of compensation related proposals at the request of the Compensation Committee, including by holding individual meetings with the members of the Compensation Committee. The Company paid Mr. Zeigler a total of $375,449 in Fiscal 2010. The majority of this amount was paid for additional broad based services, other than executive and director compensation, although some portion was paid for services related to executive and director compensation. The Compensation Committee was aware of the hiring and payment of such fees to Mr. Zeigler.

Usage of Employment Agreements

Primary employment agreements. The Compensation Committee evaluates from time to time the appropriateness of entering into employment agreements or other written agreements with members of the Company s management to govern compensation and other aspects of the employment relationship. The Company has historically limited the use of employment agreements and instead uses simplified severance protection agreements for executives that do not head a business unit (other than the Chief Financial Officer). With respect to the named executive officers who continue to be employed by the Company, at the direction of the Compensation Committee (or its predecessor) the Company has entered into the following written employment agreements with our current executive officers: (i) an Amended and Restated Employment Agreement with Mr. Lumley dated as of August 11, 2010, as amended by the First Amendment to the Employment Agreement dated as of November 16, 2010, (collectively, the Lumley Employment Agreement); (ii) an Employment Agreement dated as of June 9, 2008 with Mr. Genito, as amended by the Amendment to Employment Agreement dated as of February 24, 2009, the description of the Second Amendment to the

Employment Agreement dated as of August 28, 2009 and the Third Amendment to the Employment Agreement dated November 16, 2010 (collectively, the Genito Employment Agreement); (iii) an Amended and Restated Employment Agreement with Mr. Heil dated January 16, 2007, as amended by the Amendment to the Amended and Restated Employment Agreement dated as of November 10, 2008, the Second Amendment to the Amended and Restated Employment Agreement dated as of February 24, 2009, the description of the Third Amendment to Employment Agreement dated as of August 28, 2009 and the Fourth Amendment to the Employment Agreement dated November 16, 2010 (collectively, the Heil Employment Agreement); and (iv) an Employment Agreement dated as of August 16, 2010 with Mr. Polistina, as amended by the First Amendment to the Employment Agreement dated as of November 16, 2010 (collectively, the Polistina Employment Agreement). The Lumley Employment Agreement is with both SBI and the Company. Other than with respect to the Lumley Employment Agreement, all of the employment agreements are with SBI. As Mr. Wilson is not the head of a business unit, the Company and Mr. Wilson are parties to a severance agreement dated as of September 1, 2009, which governs severance, confidentially, non-competition and certain other post-employment matters in connection with a potential termination of Mr. Wilson s employment (the Wilson Severance Agreement). As described below under the heading Termination and Change in Control Provisions , in connection with the termination of the employment of Mr. Hussey, SBI entered into a Separation and Consulting Agreement dated as of April 14, 2010 effectively terminating his then-existing employment agreement as of May 31, 2010. In connection with Mr. Hussey s termination, Mr. Lumley was promoted to the position of the Company s President and Chief Executive Officer and SBI s Chief Executive Officer, pursuant to the Amended and Restated Employment Agreement dated as of August 11, 2010 (as referenced above). This promotion increased Mr. Lumley s base salary from $600,000 to $900,000 and increased his annual target bonus from 100% to 115% of his base salary.

Term and renewal of current agreements. The current term of the agreements for the continuing named executive officers expires, for Mr. Lumley on April 14, 2013, for Mr. Genito on September 30, 2011, for Mr. Heil on September 30, 2011, for Mr. Polistina on September 30, 2012 and for Mr. Wilson on September 1, 2011. The Lumley Employment Agreement provides that upon each anniversary of the commencement date, the term will automatically extend for an additional one year, unless either party provides the other with notice of non-renewal at least 90 days prior to the next occurring anniversary of the commencement date. The employment agreements for each of Mr. Genito and Mr. Heil and the Wilson Severance Agreement provide that upon expiration of the current term (and any subsequent renewal term), unless earlier terminated in accordance with such agreement, the agreement will automatically renew for an additional one-year period. The Polistina Employment Agreement provides that upon expiration of the current term, the agreement will automatically renew for an additional one year term unless either party provides the other with notice of non-renewal at least 90 days prior to September 30, 2012. Thereafter, this agreement would continue to be automatically renewed for one-year terms unless either party provides the other with notice of non-renewal at least 90 days prior to the expiration of the then-occurring term.

Retention agreements in connection with headquarters relocation. In addition to these employment agreements, in connection with the relocation of the Company s corporate headquarters from Atlanta, Georgia to Madison, Wisconsin, the Company entered into the following agreements with certain of the continuing named executive officers: (i) a letter agreement dated August 11, 2010 governing the terms of Mr. Genito s relocation to Madison, Wisconsin (the Genito Retention Agreement), as described below under the heading Genito Retention Agreement and (ii) a letter agreement dated August 11, 2010 with Mr. Wilson with respect to Mr. Wilson s continued employment through March 1, 2011 (the Wilson Retention Agreement) , as described below under the heading Wilson Retention Agreement .

Early termination of agreements. The employment agreements with each of the continuing named executive officers other than Mr. Wilson permit the Company to terminate the executive s employment upon written notice in the event of cause (as defined below under the heading Termination and Change in Control Provisions). In the case of Mr. Lumley, if the behavior giving rise to cause is his willful failure or refusal to (i) perform his duties or (ii) follow the direction of the Board of Directors, then Mr. Lumley will have 15 days to cure such behavior, however if the behavior giving rise to cause is a breach of the Lumley Employment Agreement or other material agreement with the Company, he will have 30 days to remedy such behavior. In the case of each of

Mr. Genito, Mr. Heil and Mr. Polistina, if the behavior giving rise to cause is (i) his willful failure or refusal to perform his duties or follow the direction of the Chief Executive Officer (or the Board of Directors in the case of Mr. Polistina) or (ii) his material breach of his employment agreement or any other agreement with the Company, then he will have 30 days to cure such behavior following notice.

The employment agreements for Mr. Lumley and Mr. Polistina permit the Company to terminate such executive s employment without cause for any reason upon 60 days prior written notice or payment in lieu thereof. The Heil Employment Agreement permits the Company to terminate such executive s employment without cause for any reason upon 60 days prior written notice. The Genito Employment Agreement permits the Company to terminate such executive s employment without cause for any reason upon 30 days prior written notice.

The employment agreements with each of the continuing named executive officers (other than Mr. Wilson) permit the Company to terminate the executive s employment upon 30 days written notice in the event that the executive is unable to perform his or her duties for a period of at least 6 months by reason of any mental, physical or other disability. Each agreement also terminates immediately upon the death of the executive.

The employment agreements for each of Mr. Lumley, Mr. Heil and Mr. Polistina allow the executive to voluntarily terminate his employment for any reason upon 60 days prior written notice. The Genito Employment Agreement allows Mr. Genito to voluntarily terminate his employment for any reason upon 30 days prior written notice.

The employment agreements with each of Messrs. Lumley, Genito, Heil and Polistina also provide that if the executive officer resigns upon the occurrence of specified circumstances that would constitute good reason (as defined below under the heading Termination and Change in Control Provisions), the executive s resignation will be treated as a termination by the Company without cause and entitle the executive to the payments and benefits due with respect to a termination without cause . In order to constitute good reason under the respective employment agreements certain specific notice requirements and cure periods must be satisfied. In the case of each of Mr. Lumley and Mr. Polistina, each would have to provide the Company with 30 days advance written notice of his intent to resign for good reason within 60 days following the occurrence of the facts or circumstances giving rise to good reason and the Company will have 30 days thereafter to cure such facts or circumstances. If not cured, Mr. Lumley or Mr. Polistina must terminate his employment within 6 months of the initial occurrence of the facts or circumstances giving rise to good reason in order to constitute good reason . In the case of Mr. Genito, he would have 90 days following the occurrence of the facts or circumstances giving rise to good reason to give written notice of his intent to terminate for good reason and the Company will have 30 days thereafter to cure such facts or circumstances. The required relocation of Mr. Genito s principal place of employment from Atlanta, Georgia to Madison, Wisconsin triggered Mr. Genito s right to terminate his employment for good reason . However, pursuant to the Genito Retention Agreement, Mr. Genito agreed not to exercise this right in connection with the relocation of his principal place of employment from Atlanta, Georgia to Madison, Wisconsin.

The Wilson Severance Agreement permits the Company to terminate Mr. Wilson s employment at any time upon written notice for any reason, however in order for such termination by the Company to be treated as a termination for cause (as defined below under the heading Termination and Change in Control Provisions) as a result of Mr. Wilson s (i) willful failure or refusal to perform his duties and responsibilities to the Company or any of its affiliates which failure or refusal to perform or (ii) breach of any of the terms of the separation agreement or any other agreement between Mr. Wilson and the Company, then Mr. Wilson will have 30 days in which to remedy or cure such failure, refusal or breach. Mr. Wilson may also terminate his employment with the Company at any time upon written notice. The Wilson Severance Agreement provides that if he resigns upon the occurrence of specified circumstances that would constitute good reason (as defined below under the heading Termination and Change in Control Provisions), his resignation will be treated as a termination by the Company without cause and entitle him to the payments and benefits due with respect to a termination without cause . No prior notice is required for Mr. Wilson to make such election, but such notice must be made no later than three months after the occurrence of such good reason event. The required relocation of Mr. Wilson s principal place of employment from Atlanta, Georgia to Madison, Wisconsin triggered Mr. Wilson s right to terminate his employment for good reason . The parties initially agreed to extend the notice periods while a retention agreement was negotiated. Thereafter, pursuant to the Wilson Retention Agreement, the parties have agreed that Mr. Wilson (i) will not be required to relocate his principal place of employment before March 1, 2011 and (ii) will not exercise this right before March 1, 2011. Thereafter, the notice periods applicable to such election shall not apply. Mr. Wilson has informed us that he does not intend to relocate to Wisconsin and that he intends to resign with good reason on or after March 1, 2011.

The amounts and benefits payable to each such executive upon the termination of such executive s employment in accordance with their employment agreements are further described under the heading Termination and Change in Control Provisions.

Mr. Hussey ceased to be an employee of SBI as of May 31, 2010 and ceased to serve in any capacity with the Company, including as Chairman of the Board of Directors of SBI, on June 16, 2010, the date of the Merger, pursuant to a Separation and Consulting Agreement dated as of April 14, 2010. For details of the amounts and benefits payable to him in connection with such termination, see below under the heading Termination and Change in Control Provisions. As noted above, in connection with Mr. Hussey s termination, Mr. Lumley was promoted to the position of the Company s President and Chief Executive Officer and SBI s Chief Executive Officer. Mr. Lumley is also a member of the Board of Directors.

Compensation Components

For Fiscal 2010, the basic elements of our executive compensation program, as designed by the Compensation Committee of SBI, were:

- Base salary;
- A performance-based annual cash incentive program referred to as our Management Incentive Plan;
- For Messrs. Hussey, Lumley, Genito, Heil and Polistina, a time-based, multi-year, stock-based incentive program; and
- For Mr. Wilson, a performance-based, multi-year cash-based incentive program.

In addition, based on individual circumstances, title, position and responsibilities, each named executive officer received certain other compensation components and limited perquisites as described herein.

For Fiscal 2011, the basic elements of our executive compensation program, as designed by our Compensation Committee, are:

- Base salary;
- A performance-based annual cash incentive program referred to as our Management Incentive Plan;
- For Messrs. Lumley, Genito, Heil and Polistina, as well as substantially all of our management, a performance-based, multi-year, stock based incentive program;
- For Mr. Wilson, a one time cash-based incentive retention program; and

- For each of the continuing named executive officers other than Mr. Wilson, a performance-based, multi-year stock-based incentive program based on the achievement of long term superior results.

In addition, based on individual circumstances, title, position and responsibilities, each continuing named executive officer is eligible to receive other compensation components and limited perquisites as described herein.

Base Salary

Annual base salary for each of the named executive officers other than Mr. Wilson is set forth in the employment agreement with the named executive officer, subject to subsequent increases by the Compensation Committee. Mr. Wilson s annual base salary was set by the Chief Executive Officer prior to the time he became a named executive officer. In determining the annual base salary reflected in each named executive officer s employment agreement, the Compensation Committee considered current market conditions, the Company s financial condition at the time such compensation levels are determined, compensation levels for similarly situated executives at other companies, experience level and the duties and responsibilities of such executive s position and the relative sizes of the business segments they manage or managed. This base salary level is subject to evaluation from time to time by the Compensation Committee to determine whether any increase in the contractual base salary is appropriate. As of the end of Fiscal 2010 (or the termination of employment, in the case of Mr. Hussey), the annual base salaries were as set forth below for the named executive officers.

Named Executive	Annual Base Salary at FYE $
David R. Lumley	900,000
Anthony L. Genito	425,000
John A. Heil	500,000
Terry L. Polistina	500,000
John T. Wilson	285,000
Kent J. Hussey	825,000

For the continuing named executive officers, there has been no change in their annual base salaries since the end of Fiscal 2010.

Management Incentive Plan

General description. Our management personnel, including our named executive officers, participate in the Company s annual performance-based cash bonus program referred to as the Management Incentive Plan (MIP), which is designed to compensate executives and other managers based on achievement of annual corporate, business segment and/or divisional goals. Under the MIP, each participant has the opportunity to earn a threshold, target or maximum bonus amount that is contingent upon achieving the performance goals set by the Compensation Committee and reviewed by the Board of Directors. Particular performance goals are established prior to or during the first quarter of the relevant fiscal year and reflect the Compensation Committee s then-current views of the critical indicators of Company success in light of the Company s then-current primary business priorities.

The specific performance targets with respect to performance goals are set by the Compensation Committee based on the Company s annual operating plan, as approved by our Board of Directors. The annual operating plan includes performance targets for the Company as a whole as well as for each business segment. In the case of divisional managers within those business segments, divisional level performance targets have also been established.

Fiscal 2010 MIP Program. For Fiscal 2010, after taking into account the goals described above under the heading Philosophy on Performance Based Compensation , the Compensation Committee of SBI established adjusted EBITDA and adjusted cash flow as the performance goals of the Company, with adjusted EBITDA weighted at 70% and adjusted cash flow weighted at 30%.

For purposes of the 2010 MIP, adjusted EBITDA was measured as earnings (defined as operating income (loss) plus other income less other expenses) before interest, taxes, depreciation and amortization and excluding restructuring and other one-time charges. In order to emphasize management s and the Board of Directors intention to minimize restructuring expenditures going forward and ensure that senior management is fully focused on the total cash costs of such expenditures, the Compensation Committee of SBI adjusted how cash flow was measured for the 2010 MIP. For the 2010 MIP, cash flow was measured as adjusted EBITDA (as described above) plus or minus changes in current and long term assets and liabilities, less payments for taxes, cash restructuring and interest (defined as the variance between actual and planned interest payments), but excluding proceeds from dispositions, discontinued operations and payments for financing fees (if incurred). The Compensation Committee of SBI also provided that neither adjusted EBITDA nor cash flow would be impacted by the carryover of fees, expenses and savings associated with the Company s Chapter 11 restructuring efforts.

In order to focus members of management involved primarily in the operations of one or more of our business segments or smaller business units on the performance of those segments or units, the Compensation Committee of SBI also subdivided the performance targets for those members of management to give greater weight to the performance of those segments or units versus the performance of the Company as a whole. For Fiscal 2010 the performance targets for each of Mr. Hussey, Mr. Genito and Mr. Wilson were equal to those established for the Company as a whole. With respect to Mr. Heil, the Fiscal 2010 MIP performance targets were based 80% on the performance targets established for the Global Pet Supplies business segment and 20% on the performance targets established for the Company as a whole. The performance targets for Mr. Lumley for the Fiscal 2010 MIP were initially based 50% on the performance targets established for the Global Batteries & Personal Care (GBPC) business segment, 30% on the performance targets established for the Home and Garden Business and 20% on the performance targets established for the Company as a whole. These performance targets applied to Mr. Lumley from October 1, 2009 until April 15, 2010, as applied to his then base salary of $600,000 per year. Mr. Lumley s participation in the MIP program was subsequently modified pursuant to his amended and restated employment agreement in connection with his promotion to Chief Executive Officer and his subsequent responsibility for the entire Company. As of April 15, 2010 and continuing through the end of Fiscal 2010, the performance targets for Mr. Lumley were equal to those established for the Company as a whole, as applied to his base salary of $900,000 per year.

Following the Merger, for legacy employees of SBI, including Messrs. Lumley, Genito, Heil and Wilson, our Compensation Committee elected to continue to measure performance based on the performance of the legacy businesses for Fiscal 2010, rather than adjusting the previously set goals to include the impact of the acquired Russell Hobbs business. The Company also elected to continue the employees of the acquired Russell Hobbs business, including Mr. Polistina, on the annual incentive program that was in effect for Russell Hobbs prior to the Merger. This program was established on a calendar year basis, such that the measurement period for the 2010 program was from January 1, 2010 through December 31, 2010. For more information on this program, please see below in the section entitled Russell Hobbs Legacy 2010 Annual Bonus Program .

The target 2010 MIP award levels achievable (that is the amount achievable if 100% of the applicable performance targets are met) by each of Mr. Lumley, Mr. Genito, Mr. Heil and Mr. Hussey were as set forth in each such named executive officer s employment agreement, expressed as a percentage of annual base salary. Mr. Wilson s target MIP award level was set separately by the Chief Executive Officer. For purposes of the 2010 MIP, the target award percentages for the named executive officers were as follows:

Named Executive	MIP Target as % of Annual Base
David R. Lumley	100%
Anthony L. Genito	100%
John A. Heil	100%
John T. Wilson	50%
Kent J. Hussey	125%

It was possible to receive an award amount under the 2010 MIP above or below the target award percentage. The potential 2010 MIP awards for each of our named executive officers, expressed as a percentage of the target award, ranged from 0% for achievement of threshold performance levels established by the Compensation Committee of SBI, 100% for performance at the target performance levels and increasing up to a maximum payout of 200% of the target award if actual performance had risen to the specified upper achievement thresholds.

The chart below reflects for each named executive officer who participated in the 2010 MIP the percentage of his target award achievable pursuant to the performance goals applicable to his award, the performance required to achieve the threshold, target and maximum payouts based on those performance goals, and the actual percentage of the target award achieved with respect to each performance goal. The dollar amount of the awards for each named executive are set forth in the *Summary Compensation Table*. These award amounts were paid in December 2010. Please note that pursuant to his separation and consulting agreement, Mr. Hussey s 2010 MIP award payout factor reflected below was then pro-rated based on the number of weeks he was actually employed by the Company.

			Performance Required to Achieve Bonus % indicated (in $ millions)			
NEO	**Performance Metric**	**Weight (% of Target Bonus)**	**Threshold (0%)**	**Target (100%)**	**Maximum (200%)**	**Actual 2010 Payout Factor (% of Target Bonus)**
David R. Lumley	Consolidated Adjusted EBITDA	14%	276.3	325.0	373.8	19.6%
(October 1, 2009	Consolidated Adjusted Cash Flow	6%	68.0	80.0	92.0	12.00%
April 14, 2010)	GBPC Adjusted EBITDA	35%	167.5	197.0	226.6	47.14%
	GBPC Adjusted Cash Flow	15%	144.5	170.0	195.5	30.00%
	H&G Adjusted EBITDA	21%	49.3	58.0	66.7	42.00%
	H&G Adjusted Cash Flow	9%	42.5	50.0	57.5	18.00%
David R. Lumley	Consolidated Adjusted EBITDA	70%	276.3	325.0	373.8	98.00%
(April 15, 2010	Consolidated Adjusted Cash Flow					
September 30, 2010)		30%	68.0	80.0	92.0	60.00%
Anthony L. Genito	Consolidated Adjusted EBITDA	70%	276.3	325.0	373.8	98.00%
John T. Wilson	Consolidated Adjusted Cash Flow					
Kent J. Hussey		30%	68.0	80.0	92.0	60.00%
John A. Heil	Consolidated Adjusted EBITDA	14%	276.3	325.0	373.8	19.60%
	Consolidated Adjusted Cash Flow	6%	68.0	80.0	92.0	12.00%
	Pet Adjusted EBITDA					
	Pet Adjusted Cash Flow	56%	82.5	97.0		