

Spectrum Brands, Inc.  
Form 425  
May 28, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d) of the**

**Securities Exchange Act of 1934**

**May 28, 2010 (May 28, 2010)**

**Date of Report (Date of earliest event reported)**

**SPECTRUM BRANDS, INC.**

**(Exact name of registrant as specified in its charter)**

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-13615**  
(Commission  
File Number)

**22-2423556**  
(IRS Employer  
Identification Number)

**601 Rayovac Drive**

**Madison, Wisconsin**  
(Address of Principal Executive Offices)

**(608) 275-3340**

**53711**  
(Zip Code)

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 8.01 Other Events.**

As previously announced, Spectrum Brands, Inc., a Delaware corporation ( *Spectrum Brands* ), entered into an Agreement and Plan of Merger, dated as of February 9, 2010, by and among Spectrum Brands Holdings, Inc. ( *SB Holdings* ), Battery Merger Corp., Grill Merger Corp., Spectrum Brands and Russell Hobbs, Inc. ( *Russell Hobbs* ), as amended from time to time.

As presented below, Spectrum Brands has released unaudited pro forma condensed combined financial statements for the year ended September 30, 2009 and for the six month period ended April 4, 2010.

The following unaudited pro forma condensed combined financial statements for the year ended September 30, 2009 and for the six month period ended April 4, 2010, the date of the latest publicly available financial information for Spectrum Brands, gives effect to the acquisitions of Spectrum Brands and Russell Hobbs by SB Holdings (collectively, the *Mergers*, and together with the transactions related to the Mergers, the *Transactions* ). The unaudited pro forma condensed combined financial statements shown below reflect historical financial information and have been prepared on the basis that the Mergers are accounted for under Accounting Standards Codification Topic 805: Business Combinations ( *ASC 805* ). Although SB Holdings will issue 51,620,483 shares of its common stock to effect the Mergers, for accounting purposes Spectrum Brands has been treated as the acquirer in the proposed merger transactions. See Note 2, Basis of Presentation, in the Notes to the Unaudited Pro Forma Condensed Combined Financial Statements for more information on the accounting treatment afforded the Mergers. The transaction between Spectrum Brands and Russell Hobbs will be accounted for using the acquisition method of accounting. Accordingly, the consideration transferred in the proposed transaction with Russell Hobbs, that is, the assets acquired and liabilities assumed, will be measured at their respective fair values with any excess reflected as goodwill. The unaudited pro forma condensed combined financial statements assume that, as part of a number of merger-related transactions to occur simultaneously, Russell Hobbs will become a wholly owned subsidiary of Spectrum Brands and SB Holdings will become the parent of the newly merged entity.

The following unaudited pro forma condensed combined statement of financial position at April 4, 2010 is presented on a basis to reflect the Transactions as if they had occurred on April 4, 2010. The following unaudited pro forma condensed combined statements of operations for the six month period ended April 4, 2010 and for the year ended September 30, 2009 are presented on a basis to reflect the Transactions as if they had occurred on October 1, 2008. Because of different fiscal year ends, and in order to present results for comparable periods, the unaudited pro forma condensed combined statement of operations for the six month period ended April 4, 2010 combines Spectrum Brands' historical consolidated statement of operations for the six month period ended April 4, 2010 with Russell Hobbs' historical consolidated statement of operations for the six month period ended March 31, 2010. Russell Hobbs' historical consolidated statement of operations for the three month period ended September 30, 2009 has been excluded from the interim results in order to present comparable results to Spectrum Brands' six month period ended April 4, 2010. See Note 1, Conforming Interim Periods, in the Notes to the Unaudited Pro Forma Condensed Combined Financial Statements for additional information. The unaudited pro forma condensed combined statement of operations for the fiscal year ended September 30, 2009 combines Spectrum Brands' historical audited consolidated statement of operations for the fiscal year then ended with Russell Hobbs' historical audited consolidated statement of operations for the fiscal year ended June 30, 2009. SB Holdings' fiscal year ends September 30, the same date as Spectrum Brands' fiscal year end. Pro forma adjustments are made in order to reflect the potential effect of the transaction on the unaudited pro forma condensed combined statement of operations.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the notes to unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements and the notes thereto were based on, and should be read in conjunction with:

Spectrum's Amended Annual Report on Form 10-K/A for the fiscal year ended September 30, 2009 filed with the Securities and Exchange Commission ( *SEC* ) on March 29, 2010;

Spectrum's historical audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the fiscal year ended September 30, 2009, which is incorporated by reference into the proxy statement/prospectus;

Spectrum Brands historical unaudited condensed consolidated financial statements and notes thereto included in Spectrum Brands Quarterly Report on Form 10-Q for the three and six month periods ended April 4, 2010 filed with the SEC on May 18, 2010;

Russell Hobbs historical audited consolidated financial statements for the fiscal year ended June 30, 2009 and notes thereto, which are included in the proxy statement/prospectus; and

Russell Hobbs historical unaudited condensed consolidated financial statements for the three and nine month periods ended March 31, 2010, which are included on Form 8-K filed with the SEC by Spectrum Brands on May 18, 2010.

The process of valuing Russell Hobbs tangible and intangible assets and liabilities, as well as evaluating accounting policies for conformity, is still in the preliminary stages. Accordingly, the purchase price allocation adjustments included in the unaudited pro forma condensed combined financial statements are preliminary and have been made solely for the purpose of providing these unaudited pro forma condensed combined financial statements. For purposes of the unaudited pro forma condensed combined financial statements, SB Holdings has made preliminary allocations, where sufficient information is available to make a fair value estimate, to those tangible and intangible assets to be acquired and liabilities to be assumed based on preliminary estimates of their fair value as of April 4, 2010. For those assets and liabilities where insufficient information is available to make a reasonable estimate of fair value, the unaudited pro forma condensed combined financial statements reflect the carrying value of those assets and liabilities at April 4, 2010. A final determination of fair values, which cannot be made prior to the completion of the Mergers, will include consideration of a final valuation. This final valuation will be based on the actual net tangible and intangible assets of Russell Hobbs that exist as of the date of completion of the Mergers. SB Holdings currently expects that the process of determining fair value of the tangible and intangible assets acquired and liabilities assumed will be completed within one year of closing the Transactions. Material revisions to SB Holdings preliminary estimates could be necessary as more information becomes available through the completion of this final determination. The actual amounts recorded following the completion of the Mergers may be materially different from the information presented in these unaudited pro forma condensed combined financial statements due to a number of factors, including:

timing of completion of the Mergers;

changes in the price of the Spectrum Brands common stock;

changes in the net assets of Russell Hobbs;

changes in market conditions and financial results which may impact cash flow projections in the preliminary valuations; and

other changes in market conditions which may impact the fair value of Russell Hobbs net assets.

Spectrum Brands and Russell Hobbs historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the Transactions; (ii) factually supportable; and (iii) with respect to the unaudited pro forma statement of operations, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial statements do not reflect any revenue enhancements, cost savings from operating efficiencies, synergies or other restructurings, or the costs and related liabilities that would be incurred to achieve such revenue enhancements, cost savings from operating efficiencies, synergies or restructurings, which could result from the Mergers.

**The pro forma adjustments are based upon available information and assumptions that the managements of Spectrum Brands and Russell Hobbs believe reasonably reflect the Transactions. The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of SB Holdings would have been had the Transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or the financial position of SB Holdings.**

## Spectrum Brands Holdings, Inc. and Subsidiaries

## Unaudited Pro Forma Condensed Combined Statement of Financial Position

As of April 4, 2010

(Amounts in millions, except per share amounts)

	Historical Spectrum Brands	Russell Hobbs	Reclassification	Note	Water Products (a)	Pro Forma Adjustments	Note	Pro Forma Combined
<b>Current assets:</b>								
Cash and cash equivalents	\$ 55.5	\$ 27.6	\$		\$ (2.1)	\$		\$ 81.0
Receivables:								
Trade accounts receivable, net of allowances	276.2	124.6			(0.2)			400.6
Other	26.7							26.7
Inventories	342.9	142.6	(0.6)	(b)	(1.2)	1.3	(c)	485.0
Deferred income taxes	24.5	0.5						25.0
Assets held for sale	11.7		0.7	(b)				12.5
Prepaid expenses and other	38.0	14.2			(1.7)			50.5
Total current assets	775.5	309.6	0.1		(5.1)	1.3		1,081.3
Property, plant and equipment, net	186.0	17.4	(0.1)	(b)	(0.2)	(3.5)	(d)	199.5
Deferred charges and other	35.3	23.3	(12.7)	(g)	(7.4)			38.5
Goodwill	475.5	162.5				(45.1)	(e)	592.8
Intangible assets, net	1,418.4	195.9				207.3	(f)	1,821.6
Debt issuance costs	10.3		12.7	(g)		36.9	(h)	60.0
Total assets	\$ 2,901.0	\$ 708.6	\$		\$ (12.7)	\$ 196.9		\$ 3,793.8
<b>Current liabilities:</b>								
Current maturities of long-term debt	\$ 106.4	\$ 20.0	\$		\$	\$ (43.5)	(i)(j)(k)	\$ 82.9
Accounts payable	165.1	63.3			(0.3)			228.0
<b>Accrued liabilities:</b>								
Wages and benefits	61.0							61.0
Income taxes payable	24.2	8.1						32.3
Restructuring and related charges	25.7							25.7
Accrued interest	17.8		0.8	(l)		(17.9)	(l)	
Other	71.2	77.1	(0.8)	(l)	(0.5)			147.8
Total current liabilities	471.3	168.5			(0.9)	(61.3)		577.6
Long-term debt, net of current maturities	1,520.6	160.7				61.3	(i)(j)(k)	1,742.7
Employee benefit obligation, net of current portion	55.2	13.7						69.0
Deferred income taxes	230.4	47.9				71.3	(m)	349.7
Other	48.5	3.5				(2.1)	(n)	49.9
Total liabilities	2,326.0	394.5			(0.9)	69.2		2,788.8
Preferred Stock		206.5				(206.5)	(o)	
Commitments and contingencies Shareholders equity:								
Common Stock	0.3	7.3				(7.1)	(o)(p)	0.5
Additional paid-in capital	731.2	302.7				259.7	(o)(p)	1,293.5
Accumulated deficit	(150.1)	(92.3)			(11.8)	(28.5)	(o)(p)	(282.7)
Accumulated other comprehensive income (loss)	(6.4)	(44.3)				44.3	(o)	(6.4)

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	575.0	173.3		(11.8)	268.4		1,004.9
Less treasury stock, at cost		(65.8)			65.8	(o)	
Total shareholders equity	575.0	107.5		(11.8)	334.2		1,004.9
Total liabilities and shareholders equity	\$ 2,901.0	\$ 708.6	\$	\$ (12.7)	\$ 196.9		\$ 3,793.8

**See accompanying notes to unaudited pro forma condensed combined financial statements.**

## Spectrum Brands Holdings, Inc. and Subsidiaries

## Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended September 30, 2009

(Amounts in millions, except per share amounts)

	Historical			Russell Hobbs	Water Products (a)	Pro Forma Adjustments	Note	Pro Forma Combined
	Predecessor The period from Oct. 1, 2008 to Aug. 30, 2009	Spectrum Brands Successor The period from Aug. 31, 2009 to Sept. 30, 2009	12 months ended Sept. 30, 2009					
Net sales	\$ 2,010.6	\$ 219.9	\$ 2,230.5	\$ 796.7	\$ (0.0)	\$		\$ 3,027.2
Cost of goods sold	1,245.6	155.3	1,401.0	577.2	(0.1)		(q)	1,978.1
Restructuring and related charges	13.2	0.2	13.4					13.4
Gross profit	751.8	64.4	816.2	219.5	0.0			1,035.7
Selling	363.1	39.1	402.2	129.1	(0.9)			530.4
General and administrative	145.2	20.6	165.8	43.8		12.9	(r)(t)(u)	222.5
Research and development	21.4	3.0	24.4	4.8				29.2
Restructuring and related charges	30.9	1.6	32.4	11.8	(2.1)			42.1
Goodwill and intangibles impairment	34.4		34.4					34.4
Total operating expenses	595.0	64.3	659.3	189.5	(3.0)	12.9		858.7
Operating income	156.8	0.1	156.9	30.0	3.0	(12.9)		177.1
Interest expense	172.9	17.0	189.9	50.2		(87.1)	(v)	153.0
Other expense (income), net	3.3	(0.8)	2.5	4.6				7.1
Loss from continuing operations before reorganization items and income taxes	(19.5)	(16.0)	(35.5)	(24.8)	3.0	74.2		16.9
Reorganization items expense (income), net	(1,142.8)	4.0	(1,138.8)					(1,138.8)
(Loss) income from continuing operations before income taxes	1,123.4	(20.0)	1,103.4	(24.8)	3.0	74.2		1,155.7
Income tax expense	22.6	51.2	73.8	14.0			(w)	87.8
(Loss) income from continuing operations	\$ 1,100.7	\$ (71.2)	\$ 1,029.6	\$ (38.9)	\$ 3.0	\$ 74.2		\$ 1,067.9
Basic net (loss) income per common share:								
(Loss) income from continuing operations	\$ 21.45	\$ (2.37)	\$ 34.32	\$ (0.05)				\$ 20.69
Weighted average of common stock outstanding	51.3	30.0	30.0	731.9		(710.3)	(x)	51.6
Diluted net (loss) income per common share:								
(Loss) income from continuing operations	\$ 21.45	\$ (2.37)	\$ 34.32	\$ (0.05)				\$ 20.69
	51.3	30.0	30.0	731.9		(710.3)	(x)	51.6

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Weighted average of common stock and  
equivalents outstanding

**See accompanying notes to unaudited pro forma condensed combined financial statements.**



## Spectrum Brands Holdings, Inc. and Subsidiaries

## Unaudited Pro Forma Condensed Combined Statement of Operations

For the Six Month period ended April 4, 2010

(Amounts in millions, except per share amounts)

	Historical			Pro Forma Adjustments	Note	Pro Forma Combined
	Spectrum Brands	Russell Hobbs	Water Products (a)			
Net sales	\$ 1,124.5	\$ 406.5	\$ (0.1)	\$		\$ 1,530.9
Cost of goods sold	726.8	275.6	0.1		(q)	1,002.5
Restructuring and related charges	3.6					3.6
Gross profit	394.0	130.9	(0.2)			524.8
Selling	215.5	61.7	(0.8)			276.4
General and administrative	91.6	21.7		(2.5)	(r)(s)(t)(u)	110.7
Research and development	14.3	4.2				18.5
Restructuring and related charges	8.2	3.9				12.1
Total operating expenses	329.5	91.4	(0.8)	(2.5)		417.6
Operating income	64.5	39.5	0.6	2.5		107.2
Interest expense	97.9	11.6		(31.9)	(v)	77.5
Other expense (income), net	7.0	6.5				13.4
(Loss) income from continuing operations before reorganization items and income taxes	(40.3)	21.5	0.6	34.5		16.2
Reorganization items expense (income), net	3.6					3.6
(Loss) income from continuing operations before income taxes	(44.0)	21.5	0.6	34.5		12.6
Income tax expense	32.6	7.0			(w)	39.6
(Loss) income from continuing operations	\$ (76.5)	\$ 14.4	\$ 0.6	\$ 34.5		\$ (27.0)

Basic net (loss) income per common share: