

Spectrum Brands has filed for bankruptcy protection... let's see what the history shows!

## Spectrum Brands, Inc.

Six Concourse Parkway  
Suite 3300

Phone: (770) 829-6200

Atlanta, GA 30328 United States

Ticker: [SPCB](#)

**Filed for Bankruptcy on 2/3/2009**  
**Case #09-50456, filed in the U.S. Bankruptcy Court for the Western District of Texas**

### Latest Financial Statements as of 9/30/2008

#### Business Summary

Spectrum Brands, Inc. (Spectrum) and its subsidiaries is a global branded consumer products company with positions in seven product categories: consumer batteries; pet supplies; electric shaving and grooming; electric personal care; portable lighting; lawn and garden, and household insect control. As of September 30, 2008, the Company managed its business in three reportable segments: 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); Global Pet Supplies, which consists of its worldwide pet supplies business (Global Pet Supplies), and its Home and Garden Business, which consists of the discontinued lawn and garden and household insect control business. In November 2007, it announced the sale of the Canadian division of its Home and Garden business segment, which operates under the name Nu-Gro.

(Source: 10-K)

Employees: 7,000 (as of 9/30/2008)

Federal Tax Id: 222423556

#### Credit Scores

<b>FRISK2 Score</b>	<b>1</b>	2/4/2009
<b>Probability of default range: 21.0% - 50.0%</b>		
<b>Z" Score</b>	<b>-3.84 (Fiscal danger)</b>	9/30/2008

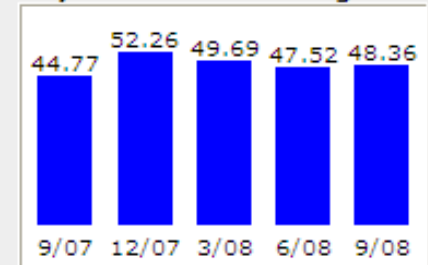
#### Auditor Information

Last Audit: 9/30/2008  
Auditors: KPMG LLP  
Opinion: **Unqualified**

#### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
<b>Moody's</b>	Caa1	Negative		OFF
<b>S&amp;P</b>	CCC+	DEVELOPING		NM

#### Days Sales Outstanding



#### Fourth Quarter and Year-to-Date Results

Sales for the 3 months ended 9/30/2008 increased 7.19% to \$706.52 million from last year's comparable period amount of \$659.15 million. Sales for the 12 months ended 9/30/2008 increased 4.81% to \$2.69 billion from \$2.56 billion for the same period last year.

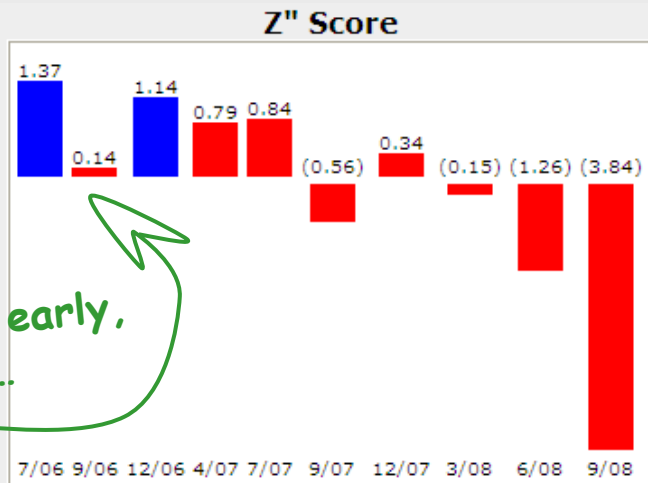
Gross profit margin increased 7.23% for the period to \$254.90 million (36.08% of revenues) from \$237.72 million (36.06% of revenues) for the same period last year. Gross profit margin increased 3.74% for the

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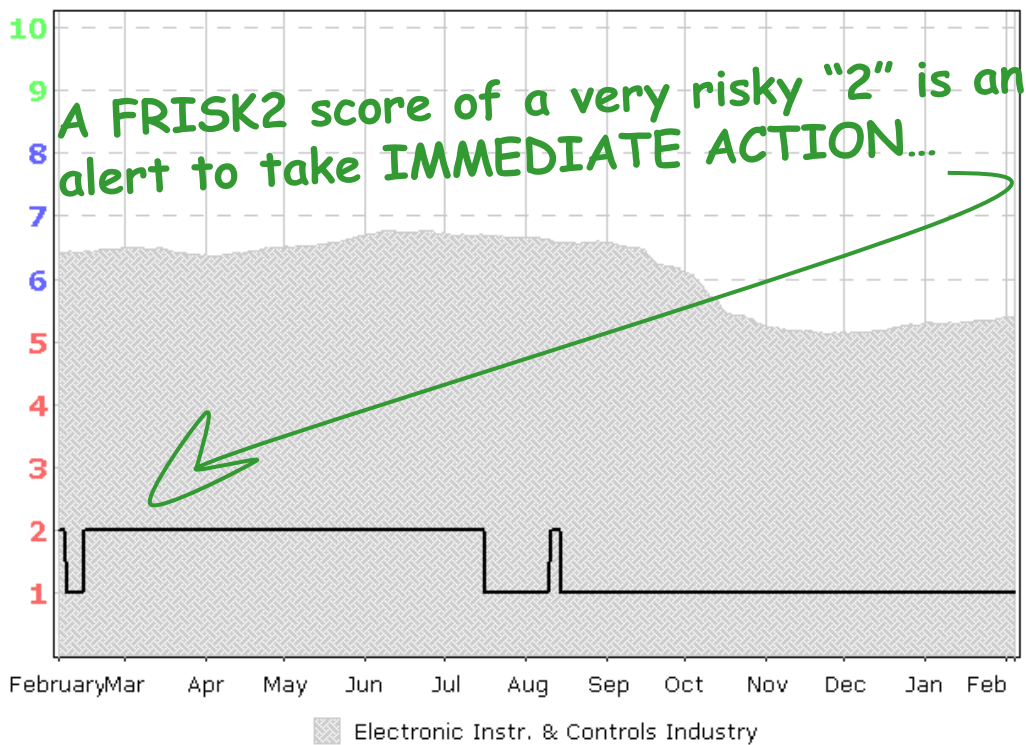
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**LEGEND:**  
 Financially sound: 2.60 or higher  
 Neutral: 1.10 to 2.60  
 Fiscal danger: less than 1.10

The Altman Z" was a bit early,  
 signaling trouble in 2006...



The current FRISK2 score is 1 (probability of default\* 21.0% - 50.0%), near its 13-month average but below its industry average.



FRISK2	Probability of default within 12 months	
	From	To
10	0%	0.3%
9	0.3%	0.4%
8	0.4%	0.9%
7	0.9%	1.9%
6	1.9%	3.7%
5	3.7%	7.4%
4	7.4%	10.1%
3	10.1%	14.1%
2	14.1%	21.0%
1	21.0%	50.0%

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Files Chapter 11...

Receives delisting notification by NYSE...

Falls off NYSE S&P Smallcap 600...

President of major business segment resigns...

U.S. Patent infringement claims issued by Energizer...

Terminates purchase agreement & pays out \$3mm for expenses...

#	Date	Source	Headline
1	2/4/2009	CRM News Service	<u>Spectrum Files For Chapter 11 To Implement Noteholder Deal</u>
2	2/4/2009	CRM News Service	<u>Spectrum Brands Chapter 11 Petition, Plan Filed</u>
3	2/3/2009	CRMZ News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement, Creation of a Direct F</u>
4	12/19/2008	Business Wire	<u>Spectrum Brands To Trade Under New Ticker Symbol</u>
5	12/16/2008	Business Wire	<u>Fitch Affirms &amp; Withdraws Ratings on Spectrum Brands</u>
6	12/16/2008	CRMZ News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing</u>
7	12/10/2008	CRMZ News Service	<u>Spectrum Brands, Inc.: a Form 10-K has been Filed with the SEC</u>
8	11/25/2008	PR Newswire	<u>Standard &amp; Poor's Announces Changes to U.S. Indices</u>
9	11/21/2008	CRMZ News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing</u>
10	11/13/2008	CRMZ News Service	<u>Spectrum Brands, Inc. -- updated financials available</u>
11	11/12/2008	CRMZ News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
12	11/12/2008	CRMZ News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Results of Operations and Financial Condition, Costs Associated with Exit or Disposal Activities, Financial Statements and Exhibits</u>
13	11/11/2008	PR Newswire	<u>ScottsMiracle-Gro Announces Discussions with Retail Partners Regarding Opportunities to Provide Private Label Products in 2009</u>
14	11/11/2008	Business Wire	<u>Spectrum Brands Reports Fourth Quarter 2008 Financial Results</u>
15	10/10/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Material Modification to Rights of Security Holders</u>
16	10/10/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
17	8/19/2008	CRM News Service	<u>Spectrum Brands, Inc. -- updated financials available</u>
18	8/8/2008	CRM News Service	<u>Spectrum Brands, Inc.: a Form 10-Q has been Filed with the SEC</u>
19	8/7/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Results of Operations and Financial Condition</u>
20	8/1/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits</u>
21	7/25/2008	Moody's Investors Service	<u>Moody's reinstates and upgrades Spectrum's synthetic LOC</u>
22	7/23/2008	CRM News Service	<u>Spectrum Brands, Inc. -- updated Moody's rating available</u>
23	7/22/2008	Moody's Investors Service	<u>Moody's revises Spectrum's outlook to negative upon failed sale</u>
24	7/16/2008	CRM News Service	<u>Spectrum Brands, Inc. -- updated S&amp;P ratings available</u>
25	7/14/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Other Events</u>
26	7/14/2008	CRM News Service	<u>SPECTRUM BRANDS, INC. FILES (8-K) Disclosing Termination of a Material Definitive Agreement, Financial Statements and Exhibits</u>

Defaults on senior notes and enters "restructuring agreement"...

Enters OTC market after failing to meet NYSE listing requirements...

Fitch retracts previous rating to report "negative outlook"...

Senior Notes trustee, Wells Fargo, resigns...

Write down of \$303mm keeps them in the red...

Moody's downgrades due to "limited financial flexibility"...

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...need more depth? Look at the Performance Ratios...  
 ...continual degradation in Operating Margin & Net Income

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars )					
Period Ended	3 mos 9/30/2008	3 mos 6/29/2008	3 mos 3/30/2008	3 mos 12/30/2007	3 mos 9/30/2007
<b>Net sales \$</b>	<b>\$706,521</b>	<b>\$729,663</b>	<b>\$647,142</b>	<b>\$604,684</b>	<b>\$659,154</b>
% change	-3.17%	12.75%	7.02%	-8.26%	-0.13%
<b>Gross margin \$</b>	<b>\$254,895</b>	<b>\$261,420</b>	<b>\$234,599</b>	<b>\$217,682</b>	<b>\$237,716</b>
% change	-2.50%	11.43%	7.77%	-8.43%	-6.36%
% of sales	36.08%	35.83%	36.25%	36.00%	36.06%
<b>SG&amp;A \$</b>	<b>\$186,145</b>	<b>\$204,929</b>	<b>\$198,335</b>	<b>\$175,547</b>	<b>\$172,081</b>
% change	-9.17%	3.32%	12.98%	2.01%	-1.64%
% of sales	26.35%	28.09%	30.65%	29.03%	26.11%
<b>Operating margin \$</b>	<b>(\$495,079)</b>	<b>(\$259,764)</b>	<b>\$11,690</b>	<b>\$31,444</b>	<b>(\$113,654)</b>
% change	-90.59%	-2322.10%	-62.82%	127.67%	-349.33%
% of sales	-70.07%	-35.60%	1.81%	5.20%	-17.24%
<b>EBITDA \$</b>	<b>(\$479,429)</b>	<b>(\$243,661)</b>	<b>\$48,195</b>	<b>\$47,784</b>	<b>(\$113,286)</b>
% change	-96.76%	-605.57%	0.86%	142.18%	-265.29%
% of sales	-67.86%	-33.39%	7.45%	7.90%	-17.19%
<b>Pre-tax income \$</b>	<b>(\$552,702)</b>	<b>(\$318,144)</b>	<b>(\$45,477)</b>	<b>(\$25,619)</b>	<b>(\$173,098)</b>
% change	-73.73%	-599.57%	-77.51%	85.20%	-1049.92%
% of sales	-78.23%	-43.60%	-7.03%	-4.24%	26.26%
<b>Net income (loss) \$</b>	<b>(\$492,568)</b>	<b>(\$283,862)</b>	<b>(\$111,713)</b>	<b>(\$43,402)</b>	<b>(\$333,000)</b>
% change	-73.52%	-154.10%	-157.39%	86.97%	-4407.31%
% of sales	-69.72%	-38.90%	-17.26%	-7.18%	-50.52%
<b>Tax expense \$</b>	<b>(\$60,134)</b>	<b>(\$34,282)</b>	<b>\$66,329</b>	<b>\$16,445</b>	<b>\$119,766</b>
Effective tax rate	10.88%	10.78%	-145.85%	-64.19%	-69.19%
<b>Depreciation expense \$</b>	<b>\$14,329</b>	<b>\$11,594</b>	<b>\$18,415</b>	<b>\$10,773</b>	<b>\$10,546</b>
% of sales	2.03%	1.59%	2.85%	1.78%	1.60%
% of capital expenses	224.87%	225.83%	365.45%	211.94%	273.99%
% of PP&E, net (annualized)	23.26%	17.38%	28.59%	16.53%	15.56%
<b>Capital expenditures \$</b>	<b>\$6,372</b>	<b>\$5,134</b>	<b>\$5,039</b>	<b>\$5,083</b>	<b>\$3,849</b>
% change	24.11%	1.89%	-0.87%	32.06%	-33.36%
% of PP&E, net (annualized)	10.34%	7.70%	7.82%	7.80%	5.68%
% of working capital (annualized)	6.32%	4.72%	3.19%	3.39%	1.96%
<b>Interest coverage ratio</b>	<b>(8.48)</b>	<b>(4.27)</b>	<b>0.83</b>	<b>0.84</b>	<b>(1.76)</b>
% change	-98.82%	-615.44%	-0.96%	147.43%	-252.66%
<b>Free cash flow \$</b>	<b>\$113,581</b>	<b>\$1,442</b>	<b>(\$50,804)</b>	<b>(\$96,009)</b>	<b>\$106,861</b>
% change	7776.63%	102.84%	47.08%	-189.84%	62.19%
Source:	10-K 12/10/2008	10-Q 8/8/2008	10-Q 5/8/2008	10-Q 5/8/2008	10-K 12/10/2008

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...In the MD&A section, the CEO and CFO tell us of the high probability of restructuring in the near future...

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### Report

Overview
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Year/Year Interim
Sequential Quarters
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Liquidity (MD&A) History
SEC Filings
Peer Analysis
Payments
Public Filings
General Info
Access History
Credit Limit
Add To My Portfolio
Print/Save Report
Currency Converter
Send This to a Colleague

*From MD&A section, period 9/30/2008, filed 12/10/2008:*

#### LIQUIDITY AND CAPITAL RESOURCES

We expect to fund our cash requirements, including capital expenditures, interest and principal payments due in Fiscal 2009 and other requirements through a combination of cash on hand and cash flows from operations and available borrowings under our ABL Facility. Going forward our ability to satisfy financial and other covenants in our senior credit agreements and senior subordinated indentures and to make scheduled payments or prepayments on our debt and other financial obligations will depend on our future financial and operating performance. There can be no assurances that our businesses will generate sufficient cash flows from operations or that future borrowings under the ABL Facility will be available in an amount sufficient to satisfy our debt maturities or to fund our other liquidity needs. In addition, the current economic crisis could have a further negative impact on our financial position, results of operations or cash flows. See Part I, Item 1A, "Risk Factors" for further discussion of the risks associated with our ability to service all of our existing indebtedness, our ability to maintain compliance with financial and other covenants related to our indebtedness and the impact of the current economic crisis.

We are also continuing to explore, with the help of our financial advisors, a wide variety of possible options to reduce or restructure our significant outstanding indebtedness. However, there can be no assurance that we will be able to successfully implement any such option. See Part I, Item 1A, "Risk Factors" for further discussion of the risks associated with our implementing potential strategies.

While we have undertaken various cost reduction initiatives designed to strengthen our market position and improve our financial performance, some of these initiatives will require time before the intended benefits can be realized, and, given current adverse economic conditions and the rapidly changing retail landscape, it is difficult to predict what their possible financial impact ultimately will be.

If our future cash flows and capital resources are insufficient, we could face substantial liquidity problems and will likely be required to significantly reduce or delay capital expenditures, curtail, eliminate or dispose of substantial assets or operations, or undertake significant restructuring measures; which could include further reducing the size of our workforce, seeking additional capital or pursuing other alternatives to restructure or refinance our indebtedness, all of which could substantially affect our business, financial condition and results of operations.

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