

Court Approves Spectrum Brand's Reorganization Plan

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The U.S. Bankruptcy Court for the Western District of Texas, San Antonio Division, approved Spectrum Brand's reorganization plan, the Atlanta, Ga.-based company reported. Once Judge Ronald King enters a confirmation order, the plan will become effective and the company will exit bankruptcy protection.

Prior to that exit, expected to occur in August, Spectrum must meet all closing conditions of the plan, including closing its exit financing. Last week, GE Capital agreed to provide \$242 million in exit financing.

"We are pleased that our plan of reorganization has been approved by the court, a key milestone in our financial restructuring process, and one that sets the stage for our exit from bankruptcy in August," said Kent Hussey, CEO of Spectrum, parent of United Pet Group. "When we emerge, we will have reduced our subordinated debt by \$840 million and eliminated approximately \$60 million of annual cash interest expenses for at least each of the next two years. We will emerge with a stronger balance sheet that will position us to maintain and strengthen our current platform and to pursue opportunities to grow our company."

Earlier this week, Spectrum Brand made concessions to senior lenders to clear the deal. Spectrum Brand originally expected to achieve interest savings of about \$95 million per year while reducing overall debt by \$840 million, about one-third of its total debt.

Under the plan, Spectrum Brand will pay all creditors and vendors, but it will cancel its existing common stock, making shareholder's stakes worthless. Lenders will receive shares of new company stock in exchange for the reduction in debt.

Spectrum Brand filed for bankruptcy under Chapter 11 on Feb. 3, 2009.