

Spectrum Brands, Inc.
Form DEFM14A
May 12, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
The Securities Exchange Act of 1934

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

SPECTRUM BRANDS, INC.

(Name of Registrant as specified in its charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder,

On February 9, 2010, the board of directors of Spectrum Brands, Inc., a Delaware corporation (Spectrum), approved and Spectrum signed a definitive Agreement and Plan of Merger (as amended, the merger agreement) with Russell Hobbs, Inc., a Delaware corporation (Russell Hobbs).

As part of the proposed transaction, Spectrum and Russell Hobbs will become subsidiaries of Spectrum Brands Holdings, Inc., a newly-created Delaware holding corporation (SB Holdings). Upon the consummation of the proposed transaction, (i) Spectrum stockholders will be entitled to receive one share of common stock of SB Holdings in exchange for each share they hold of common stock in Spectrum and (ii) Russell Hobbs stockholders will be entitled to receive shares of SB Holdings in exchange for their shares of Russell Hobbs common stock and preferred stock in accordance with the terms of the merger agreement.

At a special meeting of Spectrum stockholders, Spectrum stockholders will be asked to vote on the adoption of the merger agreement described in this proxy statement/prospectus. Adoption of the merger agreement requires the affirmative votes of the holders of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of Harbinger Capital Partners Master Fund I, Ltd. and two of its affiliates (collectively, the Harbinger Parties)) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger Parties). At the time of the special meeting, neither the stockholders of Spectrum nor the stockholders of Russell Hobbs will know the value of the consideration that they will receive in the merger. In addition, at the time that Spectrum stockholders vote on the adoption of the merger agreement, Spectrum stockholders will not know the number of shares of SB Holdings that will be issued pursuant to the merger agreement to the Harbinger Parties in exchange for the Harbinger Parties' shares of Russell Hobbs common stock and preferred stock.

The Harbinger Parties currently own approximately 40% of the shares of outstanding Spectrum common stock and 100% of the shares of outstanding Russell Hobbs common and preferred stock. The Harbinger Parties have entered into agreements with Spectrum pursuant to which they have agreed to vote in favor of the adoption of the merger agreement. Following the consummation of the proposed transaction, the Harbinger Parties are expected to own approximately 65% of SB Holdings.

On February 8, 2010, the last full trading day before the merger agreement was signed, the closing sales price of Spectrum common stock, which at the time traded on the OTC Bulletin Board and the Pink Sheet Electronic Quotation Service under the symbol SPEB, was \$29.00 per share. On March 18, 2010, Spectrum common stock was listed on the New York Stock Exchange (NYSE) under the symbol SPB and on May 5, 2010, the closing sales price for the Spectrum common stock was \$29.16. The NYSE has approved the listing of SB Holdings common stock under the symbol SPB, subject to official notice of issuance.

Upon the unanimous recommendation to the board of directors of a committee consisting solely of independent directors, Spectrum's board of directors has determined that the merger agreement and the proposed transaction are advisable and in the best interests of Spectrum stockholders, other than the Harbinger Parties, and recommends that its stockholders vote FOR adoption of the merger agreement and FOR approval of the proposal to adjourn the Spectrum special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Spectrum special meeting to adopt the merger agreement. The proposed transaction is conditioned upon the adoption of the merger agreement by Spectrum stockholders, receipt of applicable regulatory approvals and other conditions described in the attached proxy statement/prospectus.

It is important that your shares are represented at the special meeting, whether or not you plan to attend the meeting. Abstentions and failures to vote will have the same effect as votes Against the proposal to adopt the merger agreement. **Accordingly, please complete, date, sign and return promptly your proxy card in the enclosed postage pre-paid envelope.** You may attend the special meeting and vote your shares in person if you wish, even though you have previously returned your proxy.

This document describes the special meeting, the proposed transaction, the documents related to the proposed transaction and other related matters that a Spectrum stockholder ought to know before voting on the proposals described herein and should be retained for future reference. Please carefully read this entire document, including the Risk Factors section beginning on page 32, for a discussion of the risks relating to the proposed transaction. You also can obtain information about Spectrum from documents that it has filed with the Securities and Exchange Commission. See Where You Can Find More Information for instructions on how to obtain such

information.

Sincerely,

/s/ David R. Lumley
David R. Lumley
Chief Executive Officer
Spectrum Brands, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the common stock of SB Holdings to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this document is May 11, 2010 and it is first being mailed or otherwise delivered to Spectrum stockholders on or about May 12, 2010.

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Spectrum Brands, Inc.

Six Concourse Parkway, Suite 3300

Atlanta, GA 30328

(770-829-6200)

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 11, 2010

To the Stockholders of Spectrum Brands, Inc.:

You are cordially invited to attend the special meeting of stockholders of Spectrum Brands, Inc., a Delaware corporation (Spectrum). The meeting will be held on June 11, 2010 at 9:30 a.m., local time, at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP located at 1285 Avenue of the Americas, New York, New York 10019, for the following purposes:

1. To consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of February 9, 2010, as amended (the merger agreement), by and among Spectrum, Russell Hobbs, Inc., Spectrum Brands Holdings, Inc. (SB Holdings), Battery Merger Corp., a direct wholly-owned subsidiary of SB Holdings, and Grill Merger Corp., a direct wholly-owned subsidiary of SB Holdings, all Delaware corporations.
2. To consider and vote upon an adjournment of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to vote in favor of adoption of the merger agreement.
3. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Upon the unanimous recommendation to the board of directors of a committee consisting solely of independent directors, Spectrum's board of directors has determined that the merger agreement and the proposed transaction are advisable and in the best interests of Spectrum stockholders, other than the Harbinger Parties (defined below), and recommends that its stockholders vote FOR adoption of the merger agreement and FOR approval of the proposal to adjourn the Spectrum special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Spectrum special meeting to adopt the merger agreement.

The board of directors of Spectrum has fixed May 5, 2010 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Spectrum common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. At the close of business on the record date, Spectrum had 30,629,213 shares of common stock outstanding and entitled to vote.

You have the option to revoke the proxy at any time prior to the meeting or to vote your shares personally on request if you attend the meeting.

Your vote is important. The affirmative votes of the holders of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of Harbinger Capital Partners Master Fund I, Ltd. and two of its affiliates, Harbinger Capital Partners Special Situations Fund, L.P. and Global Opportunities Breakaway Ltd. (collectively, the Harbinger Parties)) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger

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Parties (except any shares of Spectrum common stock acquired by the Harbinger Parties after March 1, 2010) on the record date for the special meeting are required for adoption of the merger agreement. If a quorum is present, the affirmative vote of the holders of a majority of the votes represented at the meeting and entitled to vote on the matter is required to approve an adjournment of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Spectrum special meeting to adopt the merger agreement.

Whether or not you expect to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible in order to ensure we receive your proxy with respect to your shares. Instructions are shown on the proxy card. A return envelope (which is postage pre-paid if mailed in the United States) is enclosed for your convenience.

If you sign, date and mail your proxy card without indicating how you wish to have your shares voted, the shares represented by the proxy will be voted in favor of adoption of the merger agreement (Proposal No. 1) and an adjournment of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement (Proposal No. 2). If you fail to return your proxy card, or if your shares are held in street name and you do not instruct your broker how to vote your shares, the effect will be as though you cast a vote Against the adoption of the merger agreement. If you attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person prior to the close of voting at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must obtain a proxy issued in your name from that record holder.

Please do not send any documents representing your ownership of Spectrum common stock at this time.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ John T. Wilson
John T. Wilson, Esq.
Senior Vice President, Secretary and General Counsel
Atlanta, Georgia

May 11, 2010

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Spectrum from documents that are not included in or delivered with this document. You may have already been sent some of the documents incorporated by reference, but you can obtain any of them through the Securities and Exchange Commission website at <http://www.sec.gov> or from Spectrum, excluding all exhibits (unless an exhibit has been specifically incorporated herein by reference), by requesting them in writing or by telephone from Spectrum at the following address:

Spectrum Brands, Inc.

Six Concourse Parkway, Suite 3300

Atlanta, GA 30328

(770) 829-6200

You can also get more information by visiting Spectrum's website at www.spectrumbrands.com. Website materials are not part of this proxy statement/prospectus.

You will not be charged for any of these documents that you request. If you would like to request documents from Spectrum, please do so by June 4, 2010 to receive them before the special stockholders' meeting. If you request any incorporated documents, Spectrum will strive to mail them to you by first-class mail, or other equally prompt means, within one business day of receipt of your request.

See Where You Can Find More Information.

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Annex A-1	<u>Agreement and Plan of Merger, dated as of February 9, 2010, by and among Spectrum Brands, Inc., Russell Hobbs, Inc., Spectrum Brands Holdings, Inc., Battery Merger Corp. and Grill Merger Corp.</u>
Annex A-2	<u>Amendment to Agreement and Plan of Merger, dated as of March 1, 2010, by and among Spectrum Brands, Inc., Russell Hobbs, Inc., Spectrum Brands Holdings, Inc., Battery Merger Corp. and Grill Merger Corp.</u>
Annex A-3	<u>Second Amendment to Agreement and Plan of Merger, dated as of March 26, 2010, by and among Spectrum Brands, Inc., Russell Hobbs, Inc., Spectrum Brands Holdings, Inc., Battery Merger Corp. and Grill Merger Corp.</u>
Annex A-4	<u>Third Amendment to Agreement and Plan of Merger, dated as of April 30, 2010, by and among Spectrum Brands, Inc., Russell Hobbs, Inc., Spectrum Brands Holdings, Inc., Battery Merger Corp. and Grill Merger Corp.</u>
Annex B	<u>Opinion of Barclays Capital Inc.</u>

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND
THE PROPOSED TRANSACTION**

The questions and answers below highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully this entire proxy statement/prospectus to fully understand the Agreement and Plan of Merger and the transactions contemplated thereby and the voting procedures for the special meeting. Unless otherwise indicated in this proxy statement/prospectus or the context otherwise requires, throughout this proxy statement/prospectus we generally refer to Spectrum Brands, Inc. and, where applicable, its consolidated subsidiaries as Spectrum, Russell Hobbs, Inc. and, where applicable, its consolidated subsidiaries as Russell Hobbs, Spectrum Brands Holdings, Inc., a newly formed holding company, as SB Holdings, Battery Merger Corp., a direct wholly-owned subsidiary of SB Holdings, as Battery Sub, Grill Merger Corp., a direct wholly-owned subsidiary of SB Holdings, as Grill Sub, Harbinger Capital Partners Master Fund I, Ltd. and two of its affiliates as the Harbinger Parties and the Agreement and Plan of Merger, dated as of February 9, 2010, by and among Spectrum, Russell Hobbs, SB Holdings, Battery Sub and Grill Sub, as amended, as the merger agreement .

Q: What are the mergers?

A: On February 9, 2010, Spectrum entered into the merger agreement with Russell Hobbs, SB Holdings, Battery Sub and Grill Sub. As part of the proposed transaction, Spectrum and Russell Hobbs will become subsidiaries of SB Holdings, a newly created Delaware holding corporation.

Under the merger agreement, (i) Battery Sub will merge with and into Spectrum, with Spectrum as the surviving corporation (the Spectrum merger), and (ii) Grill Sub will merge with and into Russell Hobbs, with Russell Hobbs as the surviving corporation (the Russell Hobbs merger, which, together with the Spectrum merger, are referred to herein as the mergers). Battery Sub and Grill Sub are both direct wholly-owned subsidiaries of SB Holdings.

Upon the consummation of the mergers, (i) Spectrum stockholders will be entitled to receive in the Spectrum merger one share of the common stock of SB Holdings (SB Holdings common stock) in exchange for each share they hold of Spectrum common stock (Spectrum common stock) and (ii) Russell Hobbs stockholders will be entitled to receive shares of SB Holdings in exchange for their shares of Russell Hobbs common stock and preferred stock (Russell Hobbs Stock) in accordance with the terms of the merger agreement and based on a \$675 million enterprise value of Russell Hobbs, subject to various adjustments set forth in the merger agreement, and a \$31.50 per share valuation of Spectrum common stock. The adjustments set forth in the merger agreement include, among other things, adjustments to reflect the amount of cash held by Russell Hobbs and Russell Hobbs' indebtedness for borrowed money.

Based on the information set forth in Russell Hobbs' December 31, 2009 balance sheet, the adjustments to the enterprise value of Russell Hobbs set forth in the merger agreement would have resulted in a reduction of such enterprise value from \$675 million to \$644 million, taking into account the conversion of the Harbinger Parties' existing approximately \$158 million principal amount of Russell Hobbs' term debt into SB Holdings common stock at a price of \$31.50 per share. The shares of SB Holdings common stock to be issued to the Harbinger Parties upon such conversion are included in the calculation of the 20,432,000 shares to be issued to Russell Hobbs' stockholders as described herein; however, such shares are not included in the shares of SB Holdings common stock to be registered under this proxy statement/prospectus.

As a result of the mergers, the stockholders of Spectrum (other than the Harbinger Parties) are expected to own approximately 35% of SB Holdings, and the Harbinger Parties are expected to own approximately 65% of SB Holdings (assuming that the Harbinger Parties do not acquire additional shares of Spectrum common

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stock prior to the consummation of the mergers). For more details regarding the mergers, see *The Proposed Transaction* and *The Merger Agreement* (Proposal No. 1). Copies of the merger agreement and the three amendments to the merger agreement are attached as *Annex A-1, Annex A-2, Annex A-3* and *Annex A-4*, respectively.

At the time of the special meeting, neither the stockholders of Spectrum nor the stockholders of Russell Hobbs will know the value of the consideration that they will receive in the merger. In addition, at the time that Spectrum stockholders vote on the adoption of the merger agreement, Spectrum stockholders will not know the number of shares of SB Holdings that will be issued pursuant to the merger agreement to the Harbinger Parties in exchange for the Harbinger Parties' shares of Russell Hobbs common stock and preferred stock.

Q: What is the total consideration for the mergers?

A: The following is an illustration of how the total consideration for the mergers would be calculated based on the information set forth in Russell Hobbs' unaudited consolidated balance sheet as of December 31, 2009.

SB Holdings Common Shares Issued To	Total Shares(1)	Value(2)
Harbinger Parties in exchange for shares of Russell Hobbs Stock	14,925,622	\$ 470,157,093
Harbinger Parties in exchange for conversion of Harbinger term loan	5,220,232	\$ 164,437,308
Harbinger Parties in exchange for shares of Spectrum common stock (3)	12,450,198	\$ 392,181,237
Other Spectrum stockholders in exchange for shares of Spectrum common stock	18,179,015	\$ 572,638,973
Russell Hobbs RSU holders (4)	286,146	\$ 9,013,599
Total shares of SB Holdings issued in mergers (including RSUs)	51,061,213	\$ 1,608,428,210

- (1) The calculations of the SB Holdings shares issuable in the mergers in the above table are based on the information set forth in Russell Hobbs' unaudited consolidated balance sheet as of December 31, 2009 and the adjustments provided in the merger agreement. The merger agreement provides for a one to one exchange ratio for shares of Spectrum common stock. There were 30,629,213 shares of Spectrum common stock outstanding, 110,231.34 shares of Russell Hobbs Series D Preferred Stock outstanding and 50,000 shares of Russell Hobbs Series E Preferred Stock outstanding. The exchange ratio for shares of Russell Hobbs' Series D and Series E Preferred Stock is based on the liquidation preference and accrued but unpaid dividends with respect to each series of the preferred stock, and a \$31.50 price per share for SB Holdings common stock. At December 31, 2009, the aggregate liquidation preference and accrued but unpaid dividends on (a) the Series D Preferred Stock was approximately \$151,147,000 and (b) the Series E Preferred Stock was approximately \$60,825,000.

The RH Common Exchange Ratio is based in part on (a) the amount of consolidated cash and cash equivalents held by Russell Hobbs and its subsidiaries in excess of \$17 million, (b) the amount of consolidated indebtedness for money borrowed of Russell Hobbs and its subsidiaries (other than the Harbinger term loan to Russell Hobbs) and (c) the pay-off amount of the Harbinger term loan to Russell Hobbs. At December 31, 2009, the consolidated cash and cash equivalents was \$24,299,000, the consolidated indebtedness for money borrowed (other than the Harbinger term loan to Russell Hobbs) was \$38,542,000 plus \$149,000 in accrued but unpaid interest, and the Harbinger term loan pay-off amount was \$164,437,000 (assuming prepayment penalties of \$6,172,000).

The value of the consideration and the number of shares of SB Holdings common stock to be issued will differ from the example in this table (which is being presented for illustration purposes only) because the number of shares of SB Holdings common stock to be issued to each of the parties set forth in this table will vary based on changes prior to the closing of the mergers in (a) the liquidation preference and accrued but unpaid dividends owed on the Russell Hobbs Series D and Series E Preferred Stock, (b) the consolidated cash and cash equivalents held by Russell Hobbs and its subsidiaries, (c) the consolidated indebtedness for money borrowed (other than the Harbinger term loan to Russell Hobbs) and (d) the pay-off amount for the Harbinger term loan to Russell Hobbs.

(2) Based upon \$31.50 per share.

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- (3) Based on the Harbinger Parties' Form 4 filed on May 6, 2010, the Harbinger Parties collectively beneficially own 12,450,198 shares of Spectrum common stock as of that date.
- (4) Based on 25,800,000 Russell Hobbs Restricted Stock Units outstanding on May 6, 2010.

The actual amounts of the adjustments to the exchange ratios at the closing of the mergers will not be known until immediately prior to the closing of the mergers, and therefore, the value of the consideration and the number of shares of SB Holdings common stock to be issued in the mergers will not be known at the time that Spectrum stockholders vote on the adoption of the merger agreement.

Q: What are the benefits of the proposed business combination?

A: We believe the benefits of the proposed business combination include:

a premier consumer products company with \$3 billion in annual revenues with products carried in more than one million retail outlets globally;

a diverse portfolio of market leading brands, including *Rayovac*, *VARTA*, *Remington*, *Hot Shot*, *Cutter*, *Repel*, *Spectracide*, *Tetra*, *8 in 1 Dingo*, *Black & Decker*, *George Foreman*, *Russell Hobbs*, *LitterMaid* and *Toastmaster*;

a combined company that will be able to leverage the sales, distribution and administrative infrastructure of Spectrum and Russell Hobbs to realize cost synergies and to pursue revenue growth opportunities; and

a stronger capital structure with reduced financial risk (transaction is expected to lower leverage ratio, reduce debt cost, extend debt maturity profile and enhance liquidity compared to Spectrum's existing capital structure).

Q: Why am I receiving these materials?

A: We sent you this proxy statement/prospectus and the enclosed proxy card because you have been identified as a stockholder of record of Spectrum and the board of directors of Spectrum is soliciting your proxy to vote at a special meeting of stockholders. To submit your proxy, complete, date, sign and return the enclosed proxy card. You are also invited to attend the special meeting in person, although you do not need to attend the special meeting to have your shares voted at the special meeting. We intend to mail this proxy statement/prospectus and accompanying proxy card on or about May 12, 2010 to all stockholders of record entitled to vote at the special meeting.

Q: What is the prior relationship among the Harbinger Parties, Spectrum and Russell Hobbs?

A: The Harbinger Parties currently own approximately 40% of the outstanding Spectrum common stock and 100% of the outstanding Russell Hobbs Stock. For additional information, see the sections entitled "The Proposed Transaction" and "Background of the Proposed Transaction," "The

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Proposed Transaction Interests of Certain Persons in the Spectrum Merger and Principal Stockholders.

Q: How will the combined company be managed following the mergers?

A: Immediately following the mergers, the board of directors of SB Holdings will be divided into three classes and will be comprised of ten individuals. Initially, six directors will be designated by Russell Hobbs, three will be designated by Spectrum and one will be the Chief Executive Officer of SB Holdings. The Chief Executive Officer of Spectrum will be the initial Chief Executive Officer of SB Holdings. In addition to the Chief Executive Officer, Spectrum's current management team will be the initial management team of SB Holdings. The Chief Executive Officer of Russell Hobbs will be added to Spectrum's management team to lead a fourth reporting segment made up of the existing Russell Hobbs portfolio of home appliance brands.

Q: What are the conditions to closing the mergers?

A: Consummation of the mergers is subject to certain conditions, including, among others, closing of a new financing, adoption of the merger agreement by Spectrum's stockholders, customary regulatory approvals,

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no material adverse change in Spectrum or Russell Hobbs and other customary closing conditions. For more information, see the section entitled "The Merger Agreement (Proposal No. 1) Conditions to the Mergers."

Q: What are the material federal income tax consequences of the mergers?

A: The obligation of Spectrum to consummate the Spectrum merger is conditioned on the receipt by Spectrum of an opinion of Sutherland Asbill & Brennan LLP, counsel to Spectrum, dated the date of the effective time of the Spectrum merger, to the effect that for U.S. federal income purposes the Spectrum merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute exchanges described in Section 351 of the Internal Revenue Code. Tax matters are very complicated. Accordingly, we encourage you to consult your own tax advisor for a full understanding of the tax consequences of the mergers to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, see the section entitled "Material U.S. Federal Income Tax Consequences."

Q: When do you expect the transaction to be consummated?

A: We anticipate that the consummation of the mergers will occur by the end of the third or fourth quarter of Spectrum's fiscal year 2010 if the requisite stockholder votes are obtained, assuming the other conditions to consummation of the mergers are satisfied or waived. However, it is possible that the transaction will not be consummated during that timeframe. For more information, see "The Merger Agreement (Proposal No. 1) Conditions to the Mergers."

Q: Am I entitled to appraisal rights?

A: Spectrum stockholders are not entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the mergers.

Q: Who may vote at the special meeting?

A: Only Spectrum stockholders of record at the close of business on May 5, 2010 will be entitled to vote at the special meeting. On the record date, there were 30,629,213 shares of Spectrum common stock outstanding and entitled to vote.

Q: How many votes do Spectrum stockholders have?

A: Each holder of Spectrum common stock will be entitled to one vote for each share held on all matters to be voted upon at the special meeting. The holders of record of Spectrum common stock will be entitled to vote on all matters to be voted upon at the special meeting. As of the record date, directors and executive officers of Spectrum as a group beneficially owned and were entitled to vote approximately 629,213 shares of Spectrum common stock, representing approximately 2% of the votes entitled to be cast at the special meeting. All of the directors and executive officers of Spectrum who are entitled to vote at the special meeting have indicated that they intend to vote their shares of Spectrum common stock in favor of all of the proposals to be presented at the special meeting.

As of the record date, the Harbinger Parties beneficially owned and were entitled to vote approximately 40.62% of Spectrum common stock entitled to vote at the special meeting. On March 1, 2010, Spectrum and the Harbinger Parties entered into a Letter Agreement (described in this proxy statement/prospectus) to permit the Harbinger Parties to purchase up to 100,000 shares of Spectrum common stock per week, up to an aggregate maximum of two million shares, in order to provide additional liquidity to Spectrum's stockholders. As of May 5, 2010 the Harbinger Parties had purchased a total of 387,379 Letter Agreement Shares for an aggregate purchase price of \$11.6 million. Pursuant to the terms of a

support agreement dated

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February 9, 2010 and the Letter Agreement, the Harbinger Parties have generally agreed to vote their shares of Spectrum common stock acquired before the date of the merger agreement in favor of the adoption of the merger agreement and against any Alternative Proposal (as defined in the merger agreement) that would impede the mergers and all of their shares of Spectrum common stock acquired after March 1, 2010 proportionately with the votes of the holders of Spectrum common stock (other than the Harbinger Parties), except under the circumstances described in this proxy statement/prospectus, with respect to the merger agreement and the proposed transaction.

Q: What stockholder approvals are required for Spectrum?

A: *Proposal No. 1:* The affirmative votes of the holders of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of the Harbinger Parties) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger Parties (except any shares of Spectrum common stock acquired by the Harbinger Parties after March 1, 2010)) are required to adopt the merger agreement.

Proposal No. 2: If a quorum is present, the affirmative vote of the holders of a majority of Spectrum common stock represented at the meeting and entitled to vote on the matter is required to approve an adjournment of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to vote in favor of adopting the merger agreement.

All other actions considered at the meeting may be taken upon the favorable vote of the holders of a majority of the votes present in person or represented by proxy at the meeting and entitled to vote on the matter.

Unless otherwise indicated, the discussions relating to the procedures for voting stock are applicable to holders of Spectrum common stock, present in person (or by remote communication) or represented by proxy and entitled to vote at the special meeting.

Q: What constitutes a quorum?

A: A quorum of at least a majority of the voting power of all outstanding shares of common stock of Spectrum represented by proxy or in person entitled to vote at the special meeting is necessary to hold a valid special meeting. On the record date, there were an aggregate of 30,629,213 shares of Spectrum common stock outstanding. Thus, 15,314,607 shares of Spectrum common stock must be represented by proxy or present in person at the special meeting to have a quorum. The inspector of elections will determine whether or not a quorum is present.

Your shares will be counted towards the quorum only if you are present in person at the special meeting or submit a valid proxy in accordance with the procedures set forth in *How do I vote?* below. Abstentions will also be counted towards the quorum requirement, but broker non-votes will not be counted towards the quorum requirement. If there is no quorum, a majority of the shares present in person or by proxy at the special meeting may vote to adjourn the special meeting to another date.

Q: What if I return a proxy card but do not make specific choices?

A: If Spectrum receives a signed and dated proxy card and the proxy card does not specify how your shares are to be voted, your shares will be voted **FOR** the adoption of the merger agreement and **FOR** the approval of the proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes to adopt the merger agreement. If any other matter is properly presented at the special meeting, your proxy (i.e., one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

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Q: What effect do abstentions and broker non-votes have on the outcome of the proposals?

A: An abstention has the same effect as a vote Against each of the proposals.

A broker non-vote occurs when a broker or bank cannot vote for a proposal because the broker or bank did not receive instructions from the beneficial owner on how to vote and does not have discretionary authority to vote on the beneficial owner's behalf in the absence of instructions. Broker non-votes are not counted as present for the purpose of determining the existence of a quorum, and also have the same effect as a vote Against the proposal to adopt the merger agreement. Broker non-votes will have no effect on the proposal to adjourn the meeting to permit further solicitation of proxies.

Q: How does Spectrum's board of directors recommend that I vote?

A: Spectrum's board of directors (acting upon the unanimous recommendation of a committee of independent directors to Spectrum's board of directors) recommends that Spectrum stockholders vote:

FOR Proposal No. 1 to adopt the merger agreement, and

FOR Proposal No. 2 to approve a proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes to adopt the merger agreement.

Q: When and where is the special meeting?

A: The special meeting will take place on June 11, 2010 at 9:30 a.m., at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP located at 1285 Avenue of the Americas, New York, New York 10019-6064.

Q: Why is my vote important?

A: If you do not return your proxy card or vote in person at the special meeting, it will be more difficult for Spectrum to obtain the necessary quorum to hold the special meeting. In addition, the adoption of the merger agreement requires the affirmative votes of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of the Harbinger Parties) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger Parties (except any shares of Spectrum common stock acquired by the Harbinger Parties after March 1, 2010)). As a result, **your failure to vote will have the same effect as a vote Against the adoption of the merger agreement.**

Q: What do I need to do now?

A: After you carefully read this proxy statement/prospectus, mail your signed proxy card in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting. In order to assure that your shares are voted, please submit your proxy as instructed on your proxy card even if you currently plan to attend the special meeting in person.

Q: How do I vote?

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A: You may vote For, Against or Abstain from voting on either proposal. Votes will be counted by the inspector of elections appointed for the special meeting. The procedures for voting are as follows:

Submitting a Proxy Prior to the Special Meeting

Whether or not you plan to attend the special meeting, we urge you to submit a proxy prior to the special meeting to ensure that your shares are voted.

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We strongly encourage you to submit a proxy by promptly returning your completed, signed and dated proxy card in the envelope provided (which is postage pre-paid if mailed in the United States).

If you submit a proxy to vote more than once, the proxy received later in time will revoke your earlier proxy and be the only proxy by which your shares are voted.

Giving your proxy means that you authorize us to vote your shares at the special meeting in the manner you direct. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by Spectrum's board of directors as described above.

If any other matter is presented, your proxy will vote in accordance with his or her best judgment. At the time this proxy statement/prospectus went to press, we knew of no matters which needed to be acted on at the special meeting, other than those discussed in this proxy statement/prospectus.

Voting During the Special Meeting

If you hold shares directly in your name, you may vote during the special meeting in person prior to the close of voting.

If your shares are held in street name through a bank, broker or other nominee, in order to vote during the special meeting you must request and obtain a new, valid proxy card from such nominee prior to the meeting (please contact them for further information). Once you have obtained and properly completed this new proxy card, you may vote in person prior to the close of voting.

Q: Do I hold my shares of record or in street name?

- A. If on the record date, your shares were registered directly in your name with Spectrum's transfer agent, BNY Mellon Shareowner Services, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. If on the record date your shares were held in an account at a brokerage firm, bank, dealer or similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the special meeting.

As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the special meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

Q: If my Spectrum shares are held in street name by my broker, will my broker vote my Spectrum shares for me?

- A: Brokers cannot vote your Spectrum shares on Proposal No. 1 to adopt the merger agreement. Therefore, it is important that you follow the directions provided by your broker about how to instruct your broker to vote your shares. If you do not provide instructions to your broker about how to vote your shares on this proposal, your shares will be treated as broker non-votes with respect to this proposal, which will have the same effect as a vote Against the proposal to adopt the merger agreement.

Q: How are votes counted?

A: The inspector of elections for the special meeting will tabulate the votes.

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Q: How can I find out the voting results?

A: Preliminary and final voting results will be publicly announced as promptly as practicable. Preliminary voting results may be announced at the special meeting.

Q: May I change my vote after I have submitted my proxy?

A: Yes. You may revoke your proxy at any time before the close of voting at the special meeting. You may revoke your proxy in any of the following ways:

Prior to the special meeting, you may:

submit another properly completed proxy card with a later date by following the return instructions on the proxy card; or

send a written notice that you are revoking your proxy to our Corporate Secretary at our principal offices at Six Concourse Parkway, Suite 3300, Atlanta, GA 30328.

During the special meeting, you may vote in person prior to the close of voting. Simply attending the special meeting will not, by itself, revoke your proxy.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow directions from such nominee to change those instructions.

Q: Who is paying for this proxy solicitation?

A: Spectrum will pay for the entire cost of soliciting proxies. In addition to the Spectrum proxy materials, Spectrum's directors, officers, other employees and any other solicitors that Spectrum may retain may also solicit proxies personally, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. Spectrum will provide copies of its solicitation materials to banks, brokerage houses, fiduciaries and custodians that hold beneficially owned shares of Spectrum common stock for distribution to such beneficial owners. Spectrum has retained Georgeson, Inc. to aid in Spectrum's proxy solicitation process. Spectrum estimates that its proxy solicitor fees will be approximately \$9,000. Spectrum may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Q: Should I send any documents representing my ownership of Spectrum common stock now?

A: No. After the proposed transaction is consummated, SB Holdings will send Spectrum stockholders written instructions for exchanging their Spectrum common stock for SB Holdings common stock. Please follow the instructions when you receive them.

Q: What does it mean if I receive more than one proxy card or more than one email instructing me to vote?

A: If you receive more than one proxy card or more than one email instructing you to vote, your shares are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each proxy card, and respond to each email, to ensure that all

of your shares are voted.

Q: What does it mean if multiple members of my household are stockholders but we only received one set of proxy materials?

A: If you hold shares in street name, in accordance with a notice sent to certain brokers, banks or other nominees, we are sending only one proxy statement/prospectus to an address unless we received contrary

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instructions from any stockholder at that address. This practice, known as householding, is designed to reduce Spectrum's printing and postage costs. If you hold shares in your name rather than in street name and you would like to receive only one proxy statement/prospectus for your household, please contact BNY Mellon Shareowner Services, Spectrum's transfer agent, at (800) 777-3694, or access your account on the Internet at www.bnymellon.com/shareowner.

However, if any stockholder residing in your household wishes to receive a separate proxy statement/prospectus for future special meetings, they may call Spectrum's Investor Relations department at (770) 829-6200 or write to Investor Relations at investorrelations@spectrumbrands.com or Six Concourse Parkway, Suite 3300, Atlanta, GA 30328. For more information see The Special Meeting and Proxy Solicitation Spectrum Household Information.

Q: Whom can I contact with any additional questions?

A: If you have questions about the special meeting or would like additional copies of this proxy statement/prospectus, you should contact:
Spectrum Brands, Inc.

Six Concourse Parkway, Suite 3300

Atlanta, GA 30328

Attention: Investor Relations

Phone Number: (770) 829-6200

E-mail: investorrelations@spectrumbrands.com

Table of Contents**SUMMARY**

This summary highlights some of the information contained elsewhere in this proxy statement/prospectus. It is not complete and may not contain all of the information that you may want to consider. We urge you to read carefully this entire proxy statement/prospectus, including Risk Factors beginning on page 29, and the other documents we refer you to for a more complete understanding of the proposed transaction and subsequent combination. See Where You Can Find More Information. Certain items in this summary include a page reference directing you to a more complete description of that item. Unless otherwise indicated in this proxy statement/prospectus or the context otherwise requires, throughout this proxy statement/prospectus we generally refer to Spectrum Brands, Inc. and, where applicable, its consolidated subsidiaries as Spectrum, Russell Hobbs, Inc. and, where applicable, its consolidated subsidiaries as Russell Hobbs, Spectrum Brands Holdings, Inc., a newly formed holding company, as SB Holdings, Battery Merger Corp., a direct wholly-owned subsidiary of SB Holdings, as Battery Sub, Grill Merger Corp., a direct wholly-owned subsidiary of SB Holdings, as Grill Sub, Harbinger Capital Partners Master Fund I, Ltd. (Harbinger Master Fund) and two of its affiliates, Harbinger Capital Partners Special Situations Fund, L.P. (Harbinger Special Situations Fund) and Global Opportunities Breakaway Ltd. (Breakaway Fund) as the Harbinger Parties and the Agreement and Plan of Merger, dated as of February 9, 2010, by and among Spectrum, Russell Hobbs, SB Holdings, Battery Sub and Grill Sub, as amended, as the merger agreement .

The Companies (see page 59)**Spectrum Brands, Inc.**

Six Concourse Parkway, Suite 3300

Atlanta, GA 30328

Telephone: (770) 829-6200

Spectrum, a Delaware corporation based in Atlanta, Georgia, is a global branded consumer products company with leading market positions in six major product categories: consumer batteries, pet supplies, electric shaving and grooming, electric personal care, portable lighting and home and garden control products. Spectrum is a leading worldwide manufacturer and marketer of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic health supplies and a leading worldwide designer and marketer of rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. Spectrum's operations also include the manufacturing and marketing of specialty pet supplies. Spectrum is also a leading North American manufacturer and marketer of herbicides, insecticides and repellents.

Spectrum sells its products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers. Spectrum enjoys strong name recognition in our markets under the *Rayovac*, *VARTA* and *Remington* brands, each of which has been in existence for more than 80 years, and under the *Spectracide*, *Cutter*, *Tetra*, *8-in-1* and various other brands. Spectrum has manufacturing and product development facilities located in the United States, Europe, China and Latin America. Substantially all of Spectrum's rechargeable batteries and chargers, shaving and grooming products, personal care products and portable lighting products are manufactured by third party suppliers that are primarily located in Asia.

On February 3, 2009, Spectrum and thirteen of its United States subsidiaries (collectively, the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas. On August 28, 2009, the Debtors' joint plan of reorganization (the Plan) became effective and the Debtors emerged from Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, Spectrum's capital structure was realigned. Spectrum's outstanding equity securities were cancelled with no distribution to holders of Spectrum's then existing equity. Spectrum issued new common stock and 12% Senior Subordinated Toggle Notes due 2019 (PIK Notes) to holders of allowed claims in respect of

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Spectrum's then outstanding public senior subordinated notes. The supplemental and sub-supplemental participants in the Debtors debtor-in-possession credit facility also received the new common stock. Spectrum common stock has been listed on the New York Stock Exchange (NYSE) under the symbol SPB since March 18, 2010.

Russell Hobbs, Inc.

3633 S. Flamingo Road

Miramar, FL 33027

Telephone: (954) 883-1000

In December 2007, two longstanding companies in the small household appliance business, Salton, Inc. (Salton) and Aplica Incorporated (Aplica), combined their businesses through a merger, as a result of which Aplica became a wholly-owned subsidiary of Salton. In December 2009, the combined company (formerly known as Salton, Inc.) changed its name to Russell Hobbs, Inc.

Russell Hobbs, a Delaware corporation based in Miramar, Florida, markets and distributes a broad range of branded small household appliances, pet and pest products, water products and personal care products. Russell Hobbs has a broad portfolio of well recognized brand names, including *Black & Decker*, *George Foreman*, *Russell Hobbs*, *Farberware*, *Toastmaster*, *Juiceman*, *Breadman* and *LitterMaid*. Russell Hobbs' customers include mass merchandisers, specialty retailers and appliance distributors primarily in North America, South America, Europe and Australia.

Spectrum Brands Holdings, Inc.

c/o Russell Hobbs, Inc.

3633 S. Flamingo Road

Miramar, FL 33027

Telephone: (954) 883-1000

SB Holdings is a Delaware corporation and a newly formed holding company. SB Holdings was formed solely to effect the proposed transaction and has not conducted any business, other than in connection with the merger agreement and related ancillary agreements to which SB Holdings is a party. Pursuant to the merger agreement, Spectrum and Russell Hobbs will survive as wholly owned subsidiaries of SB Holdings. The NYSE has approved the listing of SB Holdings common stock under the symbol SPB, subject to official notice of issuance.

Battery Merger Corp.

c/o Russell Hobbs, Inc.

3633 S. Flamingo Road

Miramar, FL 33027

Telephone: (954) 883-1000

Battery Sub is a newly formed Delaware corporation and a direct wholly owned subsidiary of SB Holdings, which was formed solely to effect the proposed transaction and has not conducted and will not conduct any business during any period of its existence. Pursuant to the merger agreement, Battery Sub will merge with and into Spectrum with Spectrum continuing as the surviving corporation and a wholly owned subsidiary of SB Holdings.

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Grill Merger Corp.

c/o Russell Hobbs, Inc.

3633 S. Flamingo Road

Miramar, FL 33027

Telephone: (954) 883-1000

Grill Sub is a newly formed Delaware corporation and a direct wholly owned subsidiary of SB Holdings formed solely to effect the proposed transaction and has not conducted and will not conduct any business during any period of its existence. Pursuant to the merger agreement, Grill Sub will merge with and into Russell Hobbs with Russell Hobbs continuing as the surviving corporation and a wholly owned subsidiary of SB Holdings.

The Merger Agreement (Proposal No. 1) (see page 127)

The merger agreement is attached as *Annex A-1* to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The first amendment to the merger agreement, dated as of March 1, 2010, is attached as *Annex A-2* to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The second amendment to the merger agreement, dated as of March 26, 2010, is attached as *Annex A-3* to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The third amendment to the merger agreement, dated as of April 30, 2010, is attached as *Annex A-4* to this proxy statement/prospectus and is incorporated by reference herein in its entirety. Spectrum encourages its stockholders to read the merger agreement and the three amendments thereto carefully and in their entirety, as the merger agreement is the principal legal document governing the mergers.

The Proposed Transaction (see page 76)

On February 9, 2010, Spectrum entered into the merger agreement with Russell Hobbs, SB Holdings, Battery Sub and Grill Sub. As part of the proposed transaction, Spectrum and Russell Hobbs will become subsidiaries of SB Holdings, a newly created Delaware holding corporation.

Under the merger agreement, (i) Battery Sub will merge with and into Spectrum, with Spectrum as the surviving corporation (the Spectrum merger), and (ii) Grill Sub will merge with and into Russell Hobbs, with Russell Hobbs as the surviving corporation (the Russell Hobbs merger), which, together with the Spectrum merger, are referred to herein as the mergers). Battery Sub and Grill Sub are both direct wholly-owned subsidiaries of SB Holdings.

Upon the consummation of the mergers, (i) Spectrum stockholders will be entitled to receive in the Spectrum merger one share of the common stock of SB Holdings (SB Holdings common stock) in exchange for each share they hold of Spectrum common stock (Spectrum common stock) and (ii) Russell Hobbs stockholders will be entitled to receive shares of SB Holdings in exchange for their shares of Russell Hobbs common stock and preferred stock (Russell Hobbs Stock) in accordance with the terms of the merger agreement and based on a \$675 million enterprise value of Russell Hobbs, subject to various adjustments set forth in the merger agreement, and a \$31.50 per share valuation of Spectrum common stock. The adjustments set forth in the merger agreement include, among other things, adjustments to reflect the amount of cash held by Russell Hobbs and Russell Hobbs' indebtedness for borrowed money.

Based on the information set forth in Russell Hobbs' December 31, 2009 balance sheet, the adjustments to the enterprise value of Russell Hobbs set forth in the merger agreement would have resulted in a reduction of such enterprise value from \$675 million to \$644 million, taking into account the conversion of the Harbinger Parties' existing approximately \$158 million principal amount of Russell Hobbs' term debt into SB Holdings common stock at a price of \$31.50 per share. The shares of SB Holdings common stock to be issued to the

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Harbinger Parties upon such conversion are included in the calculation of the 20,432,000 shares to be issued to Russell Hobbs stockholders as described herein; however, such shares are not included in the shares of SB Holdings common stock to be registered under this proxy statement/prospectus.

As a result of the mergers, the stockholders of Spectrum (other than the Harbinger Parties) are expected to own approximately 35% of SB Holdings, and the Harbinger Parties are expected to own approximately 65% of SB Holdings (assuming that the Harbinger Parties do not acquire additional shares of Spectrum common stock prior to the consummation of the mergers).

At the time of the special meeting, neither the stockholders of Spectrum nor the stockholders of Russell Hobbs will know the value of the consideration that they will receive in the merger. In addition, at the time that Spectrum stockholders vote on the adoption of the merger agreement, Spectrum stockholders will not know the number of shares of SB Holdings that will be issued pursuant to the merger agreement to the Harbinger Parties in exchange for the Harbinger Parties' shares of Russell Hobbs common stock and preferred stock.

The following is an illustration of how the total consideration for the mergers would be calculated, based on the information set forth in Russell Hobbs' unaudited consolidated balance sheet as of December 31, 2009.

SB Holdings Common Shares Issued To	Total Shares(1)	Value(2)
Harbinger Parties in exchange for shares of Russell Hobbs Stock	14,925,622	\$ 470,157,093
Harbinger Parties in exchange for conversion of Harbinger term loan	5,220,232	\$ 164,437,308
Harbinger Parties in exchange for shares of Spectrum common stock (3)	12,450,198	\$ 392,181,237
Other Spectrum stockholders in exchange for shares of Spectrum common stock	18,179,015	\$ 572,638,973
Russell Hobbs RSU holders (4)	286,146	\$ 9,013,599
Total shares of SB Holdings issued in mergers (including RSUs)	51,061,213	\$ 1,608,428,210

- (1) The calculations of the SB Holdings shares issuable in the mergers in the above table are based on the information set forth in Russell Hobbs' unaudited consolidated balance sheet as of December 31, 2009 and the adjustments provided in the merger agreement. The merger agreement provides for a one to one exchange ratio for shares of Spectrum common stock. There were 30,629,213 shares of Spectrum common stock outstanding, 110,231.34 shares of Russell Hobbs Series D Preferred Stock outstanding and 50,000 shares of Russell Hobbs Series E Preferred Stock outstanding. The exchange ratio for shares of Russell Hobbs' Series D and Series E Preferred Stock is based on the liquidation preference and accrued but unpaid dividends with respect to each series of the preferred stock, and a \$31.50 price per share for SB Holdings common stock. At December 31, 2009, the aggregate liquidation preference and accrued but unpaid dividends on (a) the Series D Preferred Stock was approximately \$151,147,000 and (b) the Series E Preferred Stock was approximately \$60,825,000.

The RH Common Exchange Ratio is based in part on (a) the amount of consolidated cash and cash equivalents held by Russell Hobbs and its subsidiaries in excess of \$17 million, (b) the amount of consolidated indebtedness for money borrowed of Russell Hobbs and its subsidiaries (other than the Harbinger term loan to Russell Hobbs) and (c) the pay-off amount of the Harbinger term loan to Russell Hobbs. At December 31, 2009, the consolidated cash and cash equivalents was \$24,299,000, the consolidated indebtedness for money borrowed (other than the Harbinger term loan to Russell Hobbs) was \$38,542,000 plus \$149,000 in accrued but unpaid interest, and the Harbinger term loan pay-off amount was \$164,437,000 (assuming prepayment penalties of \$6,172,000).

The value of the consideration and the number of shares of SB Holdings common stock to be issued will differ from the example in this table (which is being presented for illustration purposes only) because the number of shares of SB Holdings common stock to be issued to each of the parties set forth in this table will vary based on changes prior to the closing of the mergers in (a) the liquidation preference and accrued but unpaid dividends owed on the Russell

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Hobbs Series D and Series E Preferred Stock, (b) the consolidated cash and cash equivalents held by Russell Hobbs and its subsidiaries, (c) the consolidated indebtedness for money borrowed (other than the Harbinger term loan to Russell Hobbs) and (d) the pay-off amount for the Harbinger term loan to Russell Hobbs.

(2) Based upon \$31.50 per share.

(3) Based on the Harbinger Parties' Form 4 filed on May 6, 2010, the Harbinger Parties collectively beneficially own 12,450,198 shares of Spectrum common stock as of that date.

(4) Based on 25,800,000 Russell Hobbs Restricted Stock Units outstanding on May 6, 2010.

The actual amounts of the adjustments to the exchange ratios at the closing of the mergers will not be known until immediately prior to the closing of the mergers, and therefore, the value of the consideration and the number of shares of SB Holdings common stock to be issued in the mergers will not be known at the time that Spectrum stockholders vote on the adoption of the merger agreement.

The combination of Spectrum and Russell Hobbs, if consummated, will create a new global consumer products company with an estimated \$3 billion in annual revenues, a strong balance sheet and a diverse portfolio of market-leading brands, including *Remington*, *Rayovac*, *VARTA*, *Hot Shot*, *Cutter*, *Repel*, *Spectracide*, *Black & Decker*, *George Foreman*, *Russell Hobbs*, *LitterMaid*, *Toastmaster*, *Tetra*, *8 in 1* and *Dingo*.

If the proposed transaction is consummated, SB Holdings, operating under the Spectrum Brands name, will continue to be managed by Spectrum's senior management team, with the addition of Terry L. Polistina, current Chief Executive Officer of Russell Hobbs, to lead a fourth reporting segment made up of the existing Russell Hobbs portfolio of small household appliance brands. Spectrum's current reporting segments, Global Batteries and Personal Care, Global Pet Supplies and Home and Garden, will remain autonomous and will continue to operate under their current management structures. Including Russell Hobbs' \$800 million in annual revenues, SB Holdings is expected to be approximately \$3 billion in annual revenues with \$430 million to \$440 million of adjusted EBITDA in fiscal 2010. Anticipated synergies of \$25 million to \$30 million are expected to be realized within 36 months following the consummation of the mergers.

Financing the Proposed Transaction (see page 115)

Commitments for \$1.8 billion in financing have been obtained from three financial institutions to be provided through a combination of new term loans, new senior notes and a new \$300 million ABL revolving facility. Proceeds from the financing (of which \$1.532 billion in proceeds is anticipated to be received at closing) will be used to refinance substantially all of existing Spectrum and Russell Hobbs debt, other than Spectrum's PIK Notes which are expected to remain outstanding after the mergers, and to pay transaction fees and expenses.

The proposed transaction is expected to improve Spectrum's leverage ratio, calculated as total debt less cash divided by adjusted EBITDA. Spectrum's leverage ratio was 4.7x for the quarter ended January 3, 2010. The leverage ratio declines to 4.0x pro forma for the transaction. The leverage ratio is projected to decline to 3.8x for fiscal 2010. Compared to Spectrum's existing capital structure, the new capital structure will provide longer maturities, with certain of the debt instruments expected to extend to 2016 and beyond, and additional liquidity for the combined company.

What Stockholders Will Be Entitled To Receive (see page 76)

Upon the consummation of the mergers, (i) stockholders of Spectrum will be entitled to receive in the Spectrum merger one share of SB Holdings common stock in exchange for each share they hold of Spectrum common stock and (ii) Russell Hobbs stockholders will be entitled to receive shares of SB Holdings in exchange for their shares of Russell Hobbs Stock in accordance with the terms of the merger agreement and based on a

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\$675 million enterprise value of Russell Hobbs, subject to various adjustments set forth in the merger agreement, and a \$31.50 per share valuation of Spectrum common stock.

Ownership of SB Holdings After the Proposed Transaction (see page 115)

After consummation of the mergers, the stockholders of Spectrum (other than the Harbinger Parties) are expected to own approximately 35% of SB Holdings and the Harbinger Parties are expected to own approximately 65% of SB Holdings (assuming that the Harbinger Parties do not acquire additional shares of Spectrum common stock prior to the consummation of the mergers). Specifically, the Russell Hobbs Stock will convert into SB Holdings common stock in accordance with the terms of the merger agreement and is based on a \$675 million enterprise value of Russell Hobbs, subject to various adjustments set forth in the merger agreement, and a \$31.50 per share valuation of Spectrum common stock. Furthermore, as part of the proposed transaction, the Harbinger Parties have agreed to convert their existing approximately \$158 million aggregate principal amount of Russell Hobbs term debt into SB Holdings common stock at a price of \$31.50 per share, which is included in the \$675 million enterprise value of Russell Hobbs. The shares of SB Holdings common stock to be issued to the Harbinger Parties upon such conversion are included in the calculation of the 20,432,000 shares to be issued to Russell Hobbs stockholders as described herein; however, such shares are not included in the shares of SB Holdings common stock to be registered under this proxy statement/prospectus.

Directors and Executive Officers of SB Holdings After the Proposed Transaction (see page 173)

Immediately following the mergers, the board of directors of SB Holdings will be divided into three classes and will be comprised of ten individuals. Initially, six directors will be designated by Russell Hobbs, three will be designated by Spectrum and one will be the Chief Executive Officer of SB Holdings. The Chief Executive Officer of Spectrum will be the initial Chief Executive Officer of SB Holdings. In addition to the Chief Executive Officer, Spectrum's current management team will be the initial management team of SB Holdings. The Chief Executive Officer of Russell Hobbs will be added to Spectrum's management team to lead a fourth reporting segment made up of the existing Russell Hobbs portfolio of home appliance brands.

Recommendation to Spectrum's Stockholders (see page 76)

The Spectrum Board (consistent with the recommendation of the Committee to the Spectrum Board) believes the merger agreement and the proposed transaction are advisable and in the best interests of Spectrum's stockholders (other than the Harbinger Parties) and recommends that you vote **FOR** the proposal to adopt the merger agreement. The Spectrum Board also recommends that you vote **FOR** the proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies on the proposal to adopt the merger agreement. When you consider the Spectrum Board's recommendation, you should be aware that Spectrum's directors may have interests in the transaction that may be different from, or in addition to, your interests. These interests are described in The Proposed Transaction Interests of Certain Persons in the Spectrum Merger.

Spectrum's Reasons for the Proposed Transaction (see page 91)

In evaluating the proposed transaction, the Committee consulted its legal and financial advisors and, in making its recommendation, the Committee considered a number of factors, including those factors described under The Proposed Transaction Background of the Proposed Transaction and The Proposed Transaction Recommendation of the Committee and the Spectrum Board of Directors; Reasons for the Transaction. In the course of reaching its decision, the Spectrum Board considered, among other factors, the unanimous recommendation of the Committee. See The Proposed Transaction and The Proposed Transaction Background of the Proposed Transaction Recommendation of the Committee and the Spectrum Board of Directors; Reasons for the Transaction The Spectrum Board of Directors.

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Opinion of the Committee's Financial Advisor (see page 100)

In connection with the transaction, the Committee received the written opinion, dated February 8, 2010, of its financial advisor, Barclays Capital Inc. (Barclays Capital), as to the fairness, from a financial point of view and as of the date of such opinion, to holders of Spectrum common stock (other than the Harbinger Parties and their respective affiliates) of the Spectrum Exchange Ratio. The full text of Barclays Capital's written opinion is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Barclays Capital in rendering its opinion. **Barclays Capital's opinion is addressed to the Committee (solely in its capacity as such) and relates only to the fairness, from a financial point of view, of the Spectrum Exchange Ratio. Barclays Capital's opinion does not in any manner address Spectrum's underlying business decision to proceed with or effect the proposed transaction, the likelihood of consummation of the proposed transaction or the terms of any related financing and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the proposed transaction.**

Risks Relating to the Proposed Transaction (page 32)

You should understand that the following important factors, in addition to those discussed in **Risk Factors** below and elsewhere in this proxy statement/prospectus, and in the documents which are incorporated by reference in this proxy statement/prospectus, could affect the future results of Russell Hobbs and Spectrum, and of SB Holdings after the consummation of the proposed transaction, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements:

the failure of Spectrum stockholders to adopt the merger agreement;

the risk that the businesses will not be integrated successfully;

the risk that synergies will not be realized;

the risk that SB Holdings following this transaction will not realize its financing strategy;

litigation with respect to either company or the mergers; and

disruption from the mergers making it more difficult to maintain certain strategic relationships.

Spectrum Stockholder Vote Required (see page 109)

Adoption of the merger agreement requires an affirmative votes of the holders of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of the Harbinger Parties) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger Parties (except any shares of Spectrum common stock acquired by the Harbinger Parties after March 1, 2010)). Approval of the proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies if adoption of the merger agreement is not obtained at the special meeting, requires the affirmative vote of the holders of a majority of the shares represented at the special meeting and entitled to vote on the matter.

Treatment of Spectrum Restricted Stock (see page 130)

Prior to and contingent upon the consummation of the mergers, the Spectrum Board (or the appropriate committee thereof) will take any actions necessary to cause each share of restricted stock with respect to Spectrum common stock to be converted into a share of restricted stock with respect to SB Holdings common stock at the exchange ratio for the conversion of Spectrum common stock, as may be adjusted, without change in

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the vesting schedule and other terms and conditions of the restricted stock. At the effective time of the mergers, the Spectrum 2009 Incentive Plan will be assumed by SB Holdings.

Conditions to the Consummation of the Mergers (see page 136)

Consummation of the mergers is subject to certain conditions, including, among others, closing of the new financing, adoption of the merger agreement by the requisite affirmative votes of the Spectrum stockholders, customary regulatory approvals, no material adverse change in Spectrum or Russell Hobbs and other customary closing conditions. All regulatory approvals necessary to consummate the mergers have been received.

Termination of the Merger Agreement (see page 143)

The merger agreement may be terminated due to any of the following:

by mutual written consent of Spectrum and Russell Hobbs;

by Russell Hobbs if there is a change in the recommendation by the Spectrum Board;

by Spectrum if the Spectrum Board decides to accept a Superior Proposal as described below;

by either party:

if the proposed transaction is not consummated before the close of business on August 12, 2010;

if the proposed transaction is enjoined or otherwise prohibited by law;

if Spectrum's stockholders do not adopt the merger agreement; or

if there is a material breach (as defined in the merger agreement) by either party.

The Spectrum Board (consistent with the recommendation of the Committee to the Spectrum Board) may withdraw or change its recommendation to the Spectrum stockholders with respect to the Spectrum merger if the Spectrum Board determines that to do otherwise would be inconsistent with its fiduciary duties because of the existence of an Intervening Event or a Superior Proposal (each as defined in the merger agreement). In addition, subject to certain procedural requirements (including the ability of Russell Hobbs to revise its offer) and payment of the termination fee and expense reimbursement discussed below, Spectrum may terminate the merger agreement and enter into an agreement with a third party which makes a Superior Proposal.

Termination Fees and Expenses (see page 145)

In connection with the termination of the merger agreement under specified circumstances generally related to a change in the recommendation by the Spectrum Board or a termination in connection with a Superior Proposal, Spectrum may be required to pay Russell Hobbs a termination fee of \$1 million (or \$10 million in specified circumstances) and reimburse Russell Hobbs for certain expenses related to the merger agreement up to an aggregate amount of \$10 million (or in some cases expense reimbursement will not be subject to this \$10 million limit). In connection with the termination of the merger agreement due to the failure to obtain the debt financing, Russell Hobbs may be required to pay Spectrum a reverse termination fee of \$1 million and reimburse Spectrum Brands for certain expenses related to the merger agreement up to an aggregate

amount of \$10 million.

Prior to any termination of the merger agreement, the only remedy that either party may pursue is specific performance. Following termination, the parties' sole remedy will be the termination fees described above (if payable), except in the case of a willful and material breach, in which case the aggregate amount of damages of either party may not exceed \$50 million. Money damages payable by the Harbinger Parties and their affiliates

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under the merger agreement and the other transaction documents following a termination of the merger agreement are limited to \$50 million in the aggregate.

Regulatory Matters (see page 117)

Consummation of the mergers is subject to prior receipt of those approvals and consents required to be obtained from applicable governmental and regulatory authorities, including under the Hart-Scott-Rodino Act (HSR Act) and by the applicable governmental authorities of Canada, Germany and Spain (except those the failure of which to be made or obtained does not have and would not reasonably be likely to have, individually or in the aggregate, an RH Material Adverse Effect and/or a Battery Material Adverse Effect (as each is defined in the merger agreement)).

Spectrum has submitted the required notices to the applicable antitrust regulatory authorities in the United States, Canada, Germany and Spain, and the antitrust regulatory authorities of each country other than the United States have issued a ruling in favor of the mergers and, in the case of the United States, the waiting period under the HSR Act has expired.

Except for the competition law approvals described above, Spectrum, Russell Hobbs and SB Holdings are not aware of any governmental approvals or compliance with applicable laws and regulations that are required for the mergers to become effective other than filings with the NYSE regarding the listing of SB Holdings' shares and filings with the Securities and Exchange Commission (SEC) regarding this proxy statement/prospectus. Spectrum, Russell Hobbs and SB Holdings intend to seek any other approvals required to consummate the mergers. There can be no assurance, however, that any such approvals will be obtained.

No Appraisal Rights (see page 74)

Spectrum stockholders are not entitled to appraisal rights under the General Corporation Law of the State of Delaware (DGCL) in connection with the mergers.

Material U.S. Federal Income Tax Consequences (see page 149)

The obligation of Spectrum to consummate the Spectrum merger is conditioned on the receipt by Spectrum of an opinion of Sutherland Asbill & Brennan LLP, counsel to Spectrum, dated the date of the effective time of the Spectrum merger, to the effect that for U.S. federal income tax purposes the Spectrum merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute exchanges described in Section 351 of the Internal Revenue Code.

Interests of Certain Persons in the Spectrum Merger (see page 109)

When Spectrum stockholders consider the Spectrum Board's recommendation that they vote in favor of the adoption of the merger agreement, Spectrum stockholders should be aware that Spectrum executive officers and directors may have interests in the Spectrum merger that may be different from, or in addition to, their interests.

As of May 5, 2010, Spectrum directors and named executive officers have been granted restricted stock which represents approximately 2% of the outstanding shares of Spectrum common stock. They will be entitled to receive the same consideration for their shares of Spectrum common stock in the Spectrum merger as the other holders of Spectrum common stock. The named executive officers hold restricted stock, which vests 75% on October 1, 2010, and 25% on October 1, 2011, and the directors hold restricted stock which vests 100% on October 1, 2010, if the executive officer is employed by (or the director is serving as a director of) Spectrum on such date. If the executive officer terminates employment (or the director ceases to serve as a director) before

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such date under certain circumstances, vesting of the restricted stock may be accelerated or may continue as if such executive officer remained employed by Spectrum. Under the merger agreement, the Spectrum equity awards will be converted, based on the exchange ratio for the conversion of Spectrum common stock specified in the merger agreement, into comparable equity awards with respect to SB Holdings common stock at the effective time of the mergers (see The Merger Agreement (Proposal No. 1) Merger Consideration). The mergers will not cause the accelerated vesting of any Spectrum equity awards.

There are 26.4 million outstanding Russell Hobbs Restricted Stock Units (RSU) which will vest on the earlier to occur of (i) a change in control of Russell Hobbs (as defined below), (ii) the first anniversary of a significant corporate event (as defined below), or (iii) the termination of the RSU holder's employment with Russell Hobbs without cause or by the employee for good reason after the occurrence of a significant corporate event. Under the merger agreement, the Russell Hobbs equity awards will be converted based on the RH Common Exchange Ratio (as defined in the merger agreement) into comparable equity awards with respect to SB Holdings common stock at the effective time of the mergers.

Spectrum has entered into employment agreements with certain of its executive officers. Under these employment agreements, Spectrum's executive officers would have been entitled to significant payments in connection with their termination of employment or a change in control of Spectrum. However, in connection with the mergers, such executive officers have waived the right to assert that the Spectrum merger is a change in control and have waived the right to receive any compensation or benefits due solely as a result of the Spectrum merger, to the extent such benefits were triggered, pursuant to signed Change in Control Waivers and Releases, each effective as of February 8, 2010. For the avoidance of doubt, the named executive officers have not waived their contractual rights, if any, under their employment agreements to receive compensation or benefits if their employment is terminated without regard to whether a change in control has occurred.

On February 8, 2010, Spectrum entered into an amendment to the employment agreement of David R. Lumley, Spectrum's then Co-Chief Operating Officer and President of its Global Batteries and Personal Care and Home and Garden segments. This amendment provided that, in the event that Spectrum's then Chief Executive Officer, Kent J. Hussey, no longer served as the sole Chief Executive Officer, Mr. Lumley would succeed Mr. Hussey as the sole Chief Executive Officer of Spectrum and the sole Chief Executive Officer of the business group of which Spectrum is a part. On April 13, 2010, Mr. Hussey retired as Chief Executive Officer of Spectrum, and Mr. Lumley was appointed to succeed him as Chief Executive Officer. Mr. Hussey will continue to serve as Chairman of the Board of Spectrum until the earlier of August 12, 2010 or the closing date of the mergers. In connection with Mr. Hussey's retirement, Spectrum entered into a separation agreement with Mr. Hussey, which is further described under The Proposed Transaction Interests of Certain Persons in the Spectrum Merger Hussey Separation Agreement. In connection with such change of position, SB Holdings and Mr. Lumley are expected to enter into a new employment agreement providing for compensation and benefits commensurate with such position, which shall not be less favorable than the compensation and benefits currently in effect for Mr. Lumley.

In addition, the merger agreement requires SB Holdings to (x) either maintain Spectrum's and Russell Hobbs' current directors' and officers' liability insurance policies for a period of six years from the effective time of the mergers or (y) obtain substitute policies or purchase a tail policy with a claims period of at least six years from the effective time of the mergers, in each case that provides coverage for events occurring on or before the effective time of mergers. The terms of the insurance policies will be no less favorable than Spectrum's and Russell Hobbs' respective existing policies, unless the annual premiums of the policies would exceed 300% of the current policies' premiums as of the date of the merger agreement, in which case the coverage will be the greatest amount of coverage available for a premium amount not exceeding 300% of such current premiums.

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The Harbinger Parties currently own approximately 40% of the outstanding Spectrum common stock and own 100% of the outstanding Russell Hobbs Stock. As of April 30, 2010, the Harbinger Parties owned approximately \$93 million of Spectrum's PIK Notes. The Harbinger Parties may have interests that differ from those of the other Spectrum stockholders due to their 100% ownership of Russell Hobbs. As a result of the mergers, the Harbinger Parties will reduce their ownership of Russell Hobbs from 100% direct ownership to approximately 65% indirect ownership, and they will increase their ownership of Spectrum from approximately 40% direct ownership to approximately 65% indirect ownership (assuming that the Harbinger Parties do not acquire additional shares of Spectrum common stock prior to the consummation of the mergers).

Material Support and Ancillary Agreements in Connection with the Proposed Transaction (see page 118)

Stockholder Agreement

In connection with the proposed transaction, the Harbinger Parties and SB Holdings entered into a stockholder agreement, dated February 9, 2010 (the Stockholder Agreement), which will be effective as of the effective time of the mergers, to provide for certain protective provisions in favor of minority stockholders, including selection of three independent directors by a special nominating committee, preemptive rights for certain eligible stockholders, limitations on transactions with affiliates of significant stockholders, limitations on going private transactions and tag along rights.

Support Agreements

Harbinger Support Agreement and Letter Agreement

On February 9, 2010, Spectrum entered into a support agreement with the Harbinger Parties (the Harbinger Support Agreement). Under the Harbinger Support Agreement, the Harbinger Parties agree to vote their shares of Spectrum common stock acquired before the date of the merger agreement in favor of the mergers and against any Alternative Proposal that would impede the mergers.

In the event that the merger agreement is terminated by Spectrum in connection with a Superior Proposal, which requires the approval of the Spectrum stockholders to be effective and which involves all or substantially all of Spectrum's assets or stock, before its stockholders adopt the merger agreement, the Harbinger Parties have agreed to vote sufficient shares of their Spectrum common stock acquired before the date of the merger agreement to cause such Superior Proposal to be approved, if such Superior Proposal values the Spectrum common stock at no less than \$34.65 per share and assuming at least two-thirds of the Spectrum common stock not held by the Harbinger Parties or their affiliates (except Letter Agreement Shares (defined below)) are voted in favor of, or tendered in connection with, such Superior Proposal.

On March 1, 2010, Spectrum and the Harbinger Parties entered into a letter agreement (the Letter Agreement) amending the Harbinger Support Agreement to permit the Harbinger Parties to purchase up to 100,000 shares of Spectrum common stock per week prior to the consummation of the mergers, up to an aggregate maximum of two million shares (the Letter Agreement Shares), in order to provide additional liquidity to Spectrum's stockholders. The Harbinger Support Agreement otherwise would in general have prohibited the Harbinger Parties from acquiring additional shares of Spectrum common stock until the termination of the merger agreement. As of May 5, 2010 the Harbinger Parties had purchased a total of 387,379 Letter Agreement Shares for an aggregate purchase price of \$11.6 million.

Pursuant to the terms of the Letter Agreement, the Harbinger Parties have generally agreed to vote any such newly acquired shares of Spectrum common stock proportionately with the votes of the holders of Spectrum common stock (other than the Harbinger Parties and the Avenue Parties (defined below)) with respect to the merger agreement and the mergers, except that the Harbinger Parties will vote any shares purchased from

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Avenue International Master, L.P. and certain of its affiliates that own Spectrum common stock (the Avenue Parties) in accordance with the Avenue Parties' voting obligations under the support agreement, dated as of February 9, 2010, by and among Spectrum and the Avenue Parties (the Avenue Support Agreement). If the Avenue Support Agreement is terminated or suspended, any shares purchased by the Harbinger Parties from the Avenue Parties will be voted proportionately with the votes of the holders of Spectrum common stock (other than the Harbinger Parties and the Avenue Parties). The Harbinger Parties have also agreed to vote their shares of Spectrum common stock acquired after March 1, 2010 pursuant to the Letter Agreement proportionately with the votes of the other holders of Spectrum common stock with respect to a Superior Proposal (regardless of the price offered for Spectrum common stock under such Superior Proposal).

Avenue Support Agreement

On February 9, 2010, Spectrum entered into the Avenue Support Agreement. Under the Avenue Support Agreement, the Avenue Parties agree to vote their shares of Spectrum common stock in favor of the mergers and against any Alternative Proposal that would impede the mergers. The obligation of the Avenue Parties to so support the mergers will terminate on the first to occur of (i) the consummation of the mergers, (ii) the date on which the merger agreement is terminated, (iii) 15 business days following the date on which the Spectrum Board changes its recommendation of the mergers or the Committee recommends to the Spectrum Board that it change such recommendation, and (iv) August 12, 2010.

Ancillary Agreements

Harbinger Limited Guarantee and Indemnification Agreement

Harbinger Master Fund has agreed, among other things and subject to the terms and conditions set forth therein, to guarantee the obligations of Russell Hobbs to pay (i) a reverse termination fee to Spectrum under the merger agreement and (ii) monetary damages awarded to Spectrum in connection with any willful and material breach by Russell Hobbs of the merger agreement. The maximum amount payable by Harbinger Master Fund under such guarantee is \$50 million less any amounts paid by Russell Hobbs or the Harbinger Parties, or any of their respective affiliates as damages under any documents related to the proposed transaction. Harbinger Master Fund has also agreed to indemnify Russell Hobbs, SB Holdings and their subsidiaries for out-of-pocket costs and expenses above \$3 million in the aggregate that become payable after the consummation of the mergers and that relate to the litigation arising out of the Applica transaction.

Registration Rights Agreement

In connection with the merger agreement, the Harbinger Parties, the Avenue Parties and SB Holdings entered into a registration rights agreement, dated as of February 9, 2010 (the Registration Rights Agreement), pursuant to which, after the consummation of the mergers, the Harbinger Parties and the Avenue Parties will, among other things and subject to the terms and conditions set forth therein, have certain demand and so-called piggy back registration rights with respect to their shares of SB Holdings common stock.

Under the Registration Rights Agreement, after the consummation of the mergers, any of the Harbinger Parties and the Avenue Parties may demand that SB Holdings register all or a portion of such Harbinger Party's or Avenue Party's SB Holdings common stock for sale under the Securities Act of 1933, as amended (the Securities Act), so long as the anticipated aggregate offering amount of the securities to be offered to the public (based on the average of the daily closing price of the securities for the 30 immediately preceding trading days) is (i) at least \$30 million if registration is to be effected pursuant to a registration statement on Form S-1 or a similar long-form registration or (ii) at least \$5 million if registration is to be effected pursuant to a registration statement on Form S-3 or a similar short-form registration.

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Amendment of Certain Provisions of PIK Notes

The merger agreement required Spectrum to commence a consent solicitation to seek the consent of the holders of the PIK Notes to modify certain provisions of the indenture governing the PIK Notes, dated August 31, 2009 (the PIK Notes Indenture) such that the mergers will not constitute a change of control under the PIK Notes Indenture and to provide more accommodative debt incurrence covenants for the combined business of Spectrum and Russell Hobbs. The Spectrum Consent Solicitation (as defined below) was initiated on March 1, 2010 and expired at 5:00 p.m. New York City time on March 9, 2010. Spectrum has obtained the requisite consents of holders representing a majority in aggregate principal amount of the PIK Notes outstanding (excluding PIK Notes owned by affiliates of Spectrum) necessary to amend the PIK Notes Indenture and the amendment has been executed and delivered by the parties thereto.

First Amendment to Merger Agreement

The parties to the merger agreement entered into an amendment to the merger agreement, dated as of March 1, 2010, (the first amendment), which extended the go-shop period under the merger agreement by 15 days to April 9, 2010. In addition, as discussed below, because the parties to the merger agreement agreed to permit the Harbinger Parties to purchase additional shares of Spectrum common stock prior to the consummation of the mergers, the first amendment also changed the stockholder approval requirement so that the merger agreement and the proposed transaction must be approved by the affirmative votes of the holders of (i) a majority of the outstanding shares of Spectrum common stock entitled to vote (including the shares of the Harbinger Parties) and (ii) a majority of the outstanding shares of Spectrum common stock entitled to vote (excluding the shares of the Harbinger Parties (other than any shares of Spectrum common stock acquired by the Harbinger Parties after March 1, 2010)). The purpose of this change is to ensure that any shares acquired by the Harbinger Parties pursuant to the Letter Agreement are counted for purposes of obtaining the adoption of the merger agreement by a majority of the outstanding shares of Spectrum common stock entitled to vote other than shares held by the Harbinger Parties as of the date of the merger agreement.

Second Amendment to Merger Agreement

The parties to the merger agreement entered into a second amendment to the merger agreement dated as of March 26, 2010 (the second amendment). The second amendment was executed to incorporate several technical revisions to the SB Holdings certificate of incorporation and bylaws to be effective at the closing of the mergers. In addition, the second amendment clarified that Spectrum stockholder approval is required only for the adoption of the merger agreement and not any other aspects of the proposed transaction.

Third Amendment to the Merger Agreement

The parties to the merger agreement entered into a third amendment to the merger agreement dated as of April 30, 2010 (the third amendment). The third amendment was executed to incorporate further clarifying revisions to the SB Holdings certificate of incorporation to be effective at or prior to the closing of the mergers.

Comparison of SB Holdings and Spectrum Stockholder Rights (see page 206)

The rights of Spectrum stockholders are currently governed by the DGCL and Spectrum's certificate of incorporation and bylaws. Upon consummation of the mergers, Spectrum stockholders and Russell Hobbs stockholders that receive SB Holdings common stock pursuant to the mergers will become stockholders of SB Holdings, and their rights will be governed by the DGCL and SB Holdings' restated certificate of incorporation and amended and restated bylaws.

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SPECTRUM SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth selected historical consolidated financial information of Spectrum for the periods presented. The selected financial information, as of September 30, 2009, 2008, 2007, 2006 and 2005 and for each of the five fiscal years then ended has been derived from Spectrum's audited consolidated financial statements. The selected financial information, as of January 3, 2010 and for the quarterly period then ended, has been derived from Spectrum's unaudited condensed consolidated financial statements which include, in the opinion of Spectrum's management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Spectrum for the period and date presented.

On November 5, 2008, the Spectrum Board committed to the shutdown of the growing products portion of Spectrum's Home and Garden Business, which includes the manufacturing and marketing of fertilizers, enriched soils, mulch and grass seed, following an evaluation of the historical lack of profitability and the projected input costs and significant working capital demands for the growing products portion of the Home and Garden Business during fiscal 2009. During the second quarter of fiscal 2009, Spectrum completed the shutdown of the growing products portion of the Home and Garden Business and, accordingly, began reporting the results of operations of the growing products portion of the Home and Garden Business as discontinued operations. As of October 1, 2005, Spectrum began reporting the results of operations of the Nu-Gro Pro and Tech division of the Home and Garden Business as discontinued operations. Spectrum also began reporting the results of operations of the Canadian division of the Home and Garden Business as discontinued operations as of October 1, 2006, which business was sold on November 1, 2007. Therefore, the presentation of all historical continuing operations has been changed to exclude the growing products portion of the Home and Garden Business, the Nu-Gro Pro and Tech and the Canadian divisions of the Home and Garden Business but to include the remaining control products portion of the Home and Garden Business.

The financial information indicated may not be indicative of future performance. This financial information and other data should be read in conjunction with the respective audited and unaudited consolidated financial statements of Spectrum, including the notes thereto, and

Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated in this proxy statement/prospectus by reference. See The Companies' Information About Spectrum. This information should also be read in conjunction with the unaudited pro forma condensed combined financial statements. References to "Successor Company" in the financial statements contained herein refer