

Asset Based Exit Facility for Spectrum Brands, Inc. - Indicative Terms and Conditions

- Description: Up to \$242 million asset based credit facility consisting of (a) revolving loans of up to \$197 million (with a \$20 million – \$60 million sub-limit for letters of credit) (the “Revolver”)
- Borrower: Spectrum Brands, Inc. (the “Company”)
- Guarantors: The Revolver shall be guaranteed by all existing and future domestic direct and indirect subsidiaries of the Company
- Term: 3 years from the date of closing
- Interest Rate: LIBOR + 4.00% – 4.50%, with LIBOR floor of 2.00% – 2.50%
- Upfront Fees: 2.50% – 4.50%
- Unused Line Fee: 50bps – 100bps
- Representations, Covenants and Events of Default: Such representations and warranties, financial, affirmative, and negative covenants and events of default that are usual and customary for transactions of this type and for a borrower of the Company’s size and credit quality, including, but not limited to a \$30 million – \$40 million annual capital expenditure covenant, and a \$40 million – \$55 million minimum liquidity trigger (calculated as domestic cash plus excess availability plus suppressed availability), and a springing fixed charge covenant (levels to be negotiated) to be measured quarterly in the event that the liquidity trigger is breached.
- Borrowing Base: Advances limited to:
a) 85% of eligible accounts receivable; plus
b) The lesser of (a) 65% of the value of the eligible inventory and (b) 85% of the net recovery percentage multiplied by the value of such eligible inventory; minus
c) Reserves
- Security: First lien on substantially all domestic receivables, inventory and related assets and proceeds thereof
- Conditions Precedent: The closing of the credit facility will be subject to the satisfaction or written waiver, in a manner reasonably acceptable to the Agent, of the following conditions precedent:
(a) Receipt of certified copy of the order confirming the plan of reorganization (the “Plan”);
(b) The terms and provisions of the Plan shall be reasonably satisfactory to the Agent;
(c) Receipt of updated projections;
(d) Receipt and review of (i) third party appraisals with respect to inventory, and (ii) field examinations of the business and collateral;

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- (e) Opening availability of \$20 million – \$30 million; and
- (f) Other conditions precedent usual and customary for transactions of this type

Reporting and Monitoring: Monthly borrowing base certificates, with trigger to weekly based on excess availability; 2 field exams per year, with trigger to 3 based on excess availability; 2 inventory appraisals per year, with trigger to 3 based on excess availability

Supplemental Loan: The terms of the \$45 million Supplemental Loan shall be consistent with or more favorable than the terms previously negotiated and agreed to with the Supplemental Loan Participants (D.E. Shaw Laminar Portfolios, L.L.C. and its affiliates, Avenue Capital and its affiliates and Harbinger Capital Partners and its affiliates) pursuant to the Ratification Agreement