INTRODUCTION

1. This is a federal class action on behalf of purchasers of the common stock of Spectrum Brands, Inc.1 (“Spectrum Brands” or the “Company”) between January 4, 2005, and November 11, 2005, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

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1 Spectrum Brands was formerly known as Rayovac Corporation. The Company changed its name to Spectrum Brands in May 2005.
2. As alleged herein, defendants published a series of materially false and misleading statements which defendants knew and/or recklessly disregarded were false and materially misleading at the time of such publication, and which omitted to reveal material information necessary to make defendants’ statements, in light of such material omissions, not materially false and misleading.

OVERVIEW

3. Spectrum was founded in 1906 as The French Battery Company, and later became the Rayovac Company in the 1930’s, before recently changing its name to Spectrum Brands, Inc. in May 2005. As is evident from the first two names, the Company began and continued operations primarily selling portable consumer batteries. The Company later expanded its product offerings to include the manufacturing and marketing of electric shaving and grooming products, electric personal care products, and portable lighting products. By the time the Company adopted the name Spectrum Brands - - following the multi-billion dollar acquisitions of United Industries, Inc. ($1.8 billion) and Tetra Holding GmbH (euros $415 million) - - it purported to offer a wide range of diverse products, including lawn and garden care products, specialty pet supplies and household insecticides.
4. Throughout the Class Period, Spectrum Brands publicly represented itself as well adapted at managing and integrating its acquired assets and well on its way to diversifying its product base. For Spectrum Brands, known as Rayovac for more than half of the Class Period, these representations were especially important given the Company’s historical dependence on a concentrated product base. Accordingly, throughout the Class Period, defendants repeatedly stated that Spectrum Brands maintained systems, procedures and controls that allowed it to integrate its diverse new products while maintaining sales of its core battery products. These systems purportedly allowed defendants to provide accurate and reasonable guidance to investors, which defendants repeatedly issued, including EPS guidance for full year 2005 as high as $2.50, and above $2.90 per share for 2006.

5. Defendants were well aware that the Company’s growth model depended upon strong and consistent sales of its core battery products as well as acquiring and integrating diversified brands. Accordingly, throughout the Class Period, defendants consistently represented:

* That the Company was growing through acquisitions and diversifying revenues while maintaining sales of existing products and leveraging existing brands.

* That the combination of Rayovac and United presented a “compelling value proposition.”
That management of the Company had an outstanding track record for successfully integrating acquired brands “while maintaining marketplace momentum” of its legacy brands.

That defendants were able to drive revenue growth of its core brands by cross selling its legacy products to accounts acquired through acquisitions.

That the representations and warranties contained in the United Merger Agreement were true and accurate at all relevant times.

That the Company was achieving “record” sales during the Class Period with double digit increases in battery sales, “exceptional performance” across the board and with integrations proceeding according to plan.

That by the end of the Class Period the integration of United was substantially complete and also proceeding according to plan.

6. The representations concerning Defendants’ ability to acquire and integrate diverse brands such as United and Tetra, while maintaining robust sales of its core battery products, were either patently untrue, or Defendants acted with severely reckless disregard of the Company’s true operational and financial condition. Unbeknownst to investors, throughout the Class Period, the Company suffered from a host of undisclosed adverse factors which negatively impacted its business and caused it to report financial results that were materially less than the market expectations defendants had caused and cultivated. In particular:

At all times during the Class Period, it was not true that the Company’s purported success was the result of its integration of
acquisitions or defendants’ competent management. In fact, defendants had propped up the Company’s results by stuffing the channels with an excess supply of batteries during the first and second fiscal quarters of 2005, immediately prior to and following the acquisition of United and Tetra.

* Unbeknownst to investors, defendants had materially overstated the Company’s profitability by over-reporting demand for Spectrum Brands’ core battery products.

* It was also not true that Spectrum Brands contained adequate systems of internal operational or financial controls, such that Spectrum Brands’ reported financial statements were true, accurate or reliable.

* As a result of the foregoing, throughout the Class Period it also was not true that the Company’s Class Period financial statements and reports were prepared in accordance with GAAP and SEC rules.

7. It was only at the end of the Class Period, however, that investors began to learn that the Company was operating far below expectations and had significantly inflated sales of its core battery products during the 1\textsuperscript{st} and 2\textsuperscript{nd} quarter of 2005. Accordingly, on July 28, 2005, when defendants reported results for the 3\textsuperscript{rd} fiscal quarter of 2005, investors first learned that the Company could not maintain double-digit year-over-year growth in the sales of its core battery products but, rather, that battery sales were actually less than the prior year. At the same time, defendants belatedly revealed that, as a result of the material decline in its core battery products, it could not meet its guidance for either fiscal 2005 or
2006. These sudden and shocking disclosures had an immediate impact on the price of Spectrum Brands stock, which declined over $8.00 that day, falling over 20%, and closing at $30.10 per share.

8. The bad news, however, was only just beginning as Defendants meted out small pieces of the true story in order to minimize its impact. On September 7, 2005, prior to the market opening, defendants revealed that earnings for the fourth quarter ending September 30, 2005 would be “substantially lower” than the guidance previously reported. Defendants attributed the shortfall to weak sales and “high [retail] inventory levels.” The unexpected news prompted additional analyst downgrades. Analyst William Schmitz noted that “[a]fter two earning warnings in six weeks, we believe already low investor faith in this roll-up is likely to dissipate.”

9. In response to the September 7, 2005 news, the stock dropped another 13% on volumes of 4.26 million. In total, the stock lost 31% of its value in response to the disclosures.

10. On November 10, 2005, before the market opened, the Company issued a press release again revising downward its projected earnings for fiscal years 2005 and 2006. The Company disclosed that its fourth quarter 2005 and year end results would be adversely impacted by declines in battery sales in North
America and Europe due to "weakness in consumer spending in Europe, the impact of its battery marketing strategy transition and high battery inventory levels at retail in North America." At this time, the Company also revised downward - yet again - its earnings guidance for fiscal year 2006, projecting earnings of only between $2.10-$2.20 per share, due in part to "recent challenges in our battery business."

11. In light of the Company’s problems, Merrill Lynch analyst Christopher Farrara questioned whether Spectrum's new guidance was still too aggressive: “[I]t looks like the new outlook still calls for earnings-per-share growth of nearly 40 percent in the last three quarters of 2006, which is aggressive. In the same report, Ferrera added, "It also seems that the new outlook is dependent upon the acceleration of cost cutting and the success of pricing in 2006, which are not certainties."

12. In response to Spectrum's November 10 pre-market disclosure, the price of Spectrum’s stock slid to its lowest point since November 14, 2003, losing $2.28 per share, or 11.5 percent, to close at $18.00 per share. Over 4.5 million shares traded on this news, nearly seven times the average daily trading volume over the past three months according to Yahoo Finance.
13. On November 14, 2005, before the market opened, Spectrum announced that the United States Attorney's Office for the Northern District of Georgia "has initiated an investigation into recent disclosures by the Company regarding its results for its third quarter ended July 3, 2005 and the Company's revised guidance issued on September 7, 2005 as to earnings for the fourth quarter of fiscal 2005 and fiscal year 2006." In response to this news, the price of Spectrum common stock opened lower than its closing price on November 18, 2005 and has fallen even further on heavy trading.

14. Defendants were motivated to and did conceal the true operational and financial condition of Spectrum Brands, and materially misrepresented and failed to disclose the conditions that were adversely affecting Spectrum Brands throughout the Class Period, because: (i) it enabled defendants to acquire United using at least 13.75 million shares of Company stock and using hundreds of millions of dollars raised through the sale of debt securities; (ii) it enabled defendants to register for sale with the SEC, more than $500 million of mixed securities; (iii) it enabled Company insiders to sell millions of dollars of their privately held Spectrum Brands stock; and (iv) it caused plaintiff and other members of the Class to purchase Spectrum Brands common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of
conduct, defendants, jointly and individually (and each of them) took the actions set forth herein.

**JURISDICTION AND VENUE**

15. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the United States Securities and Exchange Commission ("SEC") [17 C.F.R. § 240.10b-5].

16. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

17. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). Spectrum Brands maintains its principal place of business in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

18. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.
PARTIES

19. Plaintiff, David Hunkapiller, as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of Spectrum Brands at artificially inflated prices during the Class Period and has been damaged thereby.

20. Defendant Spectrum Brands is a Wisconsin corporation with its principal place of business at Six Concourse Parkway, Atlanta, Georgia, 30328. According to the Company’s website, Spectrum Brands engages in manufacturing and marketing consumer batteries, electric shaving and grooming products, electric personal care products, and portable lighting products worldwide. The Company also offers lawn and garden care products, specialty pet supplies, and household insecticides.

21. Defendant David A. Jones (“Jones”) was during the relevant period, Chief Executive Officer of the Company. During the Class Period, defendant Jones signed the Company’s SEC filings, including but not limited to Spectrum Brands’ Form(s) 10-Q and Form 10-K and/or made other materially false and misleading statements to the financial press and during analyst and investor conference presentations.
22. Defendant Randall J. Steward (“Steward”) was during the Class Period, Chief Financial Officer of the Company. During the Class Period, defendant Steward signed the Company’s SEC filings, including but not limited to Spectrum Brands’ Form(s) 10-Q and Form 10-K and/or made other materially false and misleading statements to the financial press or during analyst and investor conference presentations.

23. Defendants Jones and Steward, referenced above, are referred to herein as the “Individual Defendants.”

24. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about its business, operations, products, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

25. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete
information conveyed in the Company’s public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of Spectrum Brands, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, products, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

26. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the New York Stock Exchange (the “NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial
statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

27. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Spectrum Brands, each of the Individual Defendants had access to the adverse undisclosed information about Spectrum Brands’ business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about Spectrum Brands and its business issued or adopted by the Company materially false and misleading.
28. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

29. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Spectrum Brands common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public, including plaintiff and other Class members, as alleged herein; (ii) enabled defendants to acquire United using at least 13.75 million shares of Company stock and using hundreds of millions of dollars raised through the sale of debt securities; (iii) enabled defendants to register for sale with the SEC, more than $500 million of mixed securities; (iv) enabled Company insiders to sell millions of dollars of
their privately held Spectrum Brands shares while in possession of material adverse non-public information about the Company; and (v) caused plaintiff and other members of the Class to purchase Spectrum Brands common stock at artificially inflated prices.

**PLAINTIFF’S CLASS ACTION ALLEGATIONS**

30. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the common stock of Spectrum Brands between January 4, 2005 and November 11, 2005, inclusive (the “Class”) and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

31. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Spectrum Brands common shares were actively traded on the NYSE. As of February 7, 2005, the Company had over 49.68 million shares of common stock issued and outstanding. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there
are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Spectrum Brands or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

32. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants’ wrongful conduct in violation of federal law that is complained of herein.

33. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

34. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

   (a) whether the federal securities laws were violated by defendants’ acts as alleged herein;

   (b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Spectrum Brands; and

   (c) to what extent the members of the Class have sustained damages and the proper measure of damages.
35. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Defendants’ Materially False and Misleading Statements Made During the Class Period

36. $1.2b United Acquisition. On January 4, 2005, the inception of the Class Period, Spectrum Brands published a release announcing that it had reached an agreement to acquire United Industries Corporation (“United”). According to the release, as consideration the Company would tender 13.75 million shares of its common stock along with cash consideration of $70 million and the assumption of approximately $880 million in debt - - for total consideration of approximately $1.2 billion. In addition to the foregoing, the Company’s release stated, in part, the following:

Privately held United Industries, based in St. Louis, is a leading manufacturer and marketer of consumer products for lawn and garden care and household insect control, operating as Spectrum Brands in
the United States and NuGro in Canada. United also holds a leading position in the fragmented but fast-growing U.S. pet supply market, manufacturing and marketing premium branded specialty pet supplies through its United Pet Group. Among United's brands are Spectracide(R), Vigoro(R), Sta-Green(R), Schultz(TM) and C.I.L(R) in the lawn and garden market; Hot Shot(R), Cutter(R) and Repel(R) in the household insect control market; and Marineland(R), Perfecto(R) and Eight in One(R) among pet supply products. United estimates total 2004 pro forma sales of $950 million (assumes acquisitions made during 2004 were part of United's results for the entire twelve months) to customers including The Home Depot, Lowe's, Wal-Mart, PETCO and PETsMART.

"Rayovac's publicly stated goal has been to grow through acquisitions that diversify and increase our revenue base while leveraging our global merchandising and distribution capabilities. United Industries is just such an acquisition," said David A. Jones, Rayovac's chairman and chief executive officer.

The company noted that the United transaction will significantly diversify Rayovac's revenue base. It is expected that after closing, worldwide battery sales will represent approximately 40 percent of total combined pro forma revenue versus the current level of approximately 67 percent. Added Jones: "This is a truly transforming transaction for Rayovac, representing a major step forward toward our goal of achieving annual revenues of $3 billion."

"The combination of Rayovac and United Industries offers a compelling value proposition," said Thomas H. Lee Partners Co-President Scott Schoen. "United's strong brands and history of operational excellence will be further strengthened in combination with Rayovac's global manufacturing, distribution, supply chain and IT infrastructure. The Rayovac management team has established a track record of successfully integrating acquired businesses while maintaining marketplace momentum. Our ongoing ownership stake is a tangible demonstration of our confidence in the future success of the combined enterprise."
Rayovac’s current expectations are that the transaction will be slightly accretive to earnings before synergies in year one. The company's initial expectations anticipate gross synergies approximating $70 to $75 million (before one-time costs) to be realized over a three year period. Anticipated cost savings include efficiencies to be gained through rationalization of manufacturing, global purchasing, distribution and information technology. In addition to these cost savings, Rayovac has identified a number of opportunities to drive revenue growth through cross-selling and coordination of sales and marketing efforts. [Emphasis added.]

37. **Merger Agreement.** The same day, January 4, 2005, in connection with the United acquisition, defendants also filed with the SEC an Agreement and Plan of Merger which stated, in part, the following:

**AGREEMENT AND PLAN OF MERGER**

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made January 3, 2005, by and among RAYOVAC CORPORATION, a Wisconsin corporation ("Acquiror"), LINDBERGH CORPORATION, a Delaware corporation and a wholly owned subsidiary of Acquiror ("Newco") and UNITED INDUSTRIES CORPORATION, a Delaware corporation (the "Company"). The foregoing parties to this Agreement are each a "Party" and collectively the "Parties."

* * *

**ARTICLE II. CONSIDERATION; EXCHANGE PROCEDURES**

Section 2.1 **Merger Consideration.** The total consideration to be paid by Acquiror to all of the holders of Company Common Shares, Warrants and Options (subject to adjustment for rounding pursuant to Section 2.5(a) and for the payment of cash in lieu of fractional shares pursuant to Section 2.5(b)) under this Agreement shall be a
combination of 13,750,000 shares of Acquiror Stock and $70,000,000.00 in cash (collectively, the "Merger Consideration")….

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Section 4.5 Absence of Certain Changes or Events. Except as set forth in Section 4.5 of the Purchaser Disclosure Letter, since September 30, 2004 there has not been any change, development, event or condition that has resulted in, or could be reasonably expected to result in, an Acquiror Material Adverse Effect and Acquiror has not incurred any debts, liabilities or obligations of any kind whatsoever, whether accrued, absolute, contingent, changing, known, unknown, determinable, indeterminable, liquidated, unliquidated or otherwise and whether due or to become due in the future which would be required by GAAP to be disclosed in Acquiror's consolidated balance sheet.

Section 4.6 SEC Reports. Acquiror has furnished the Company with copies of its Annual Report on Form 10-K for the fiscal year ended September 30, 2004, Quarterly Reports on Form 10-Q for the quarters ended December 28, 2003, March 28, 2004 and June 27, 2004 and all other reports or registration statements filed by Acquiror with the SEC under applicable Laws since September 30, 2003 (all such reports and registration statements being herein collectively called the "Acquiror SEC Filings"), each as filed with the SEC. Except the fact that Part III, Item 12 of the Form 10-K was incomplete and needed to be amended, each such Acquiror SEC Filing when it became effective or was filed with the SEC, as the case may be, complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations of the SEC thereunder and each Acquiror SEC Filing did not on the date of effectiveness or filing, as the case may be, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of circumstances under which they were made, not misleading. Acquiror has made all filings required to be made under the Exchange Act for the twelve (12) months prior to the date of this Agreement. The financial statements
of Acquiror included in the Acquiror SEC Filings complied as to form in all material respects with the published rules and regulations of the SEC with respect thereto, were prepared in accordance with GAAP applied on a consistent basis during the periods involved (expect as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Rule 10-01 of Regulation S-X of the SEC) and fairly present in all material respects in accordance with applicable requirements of GAAP (subject, in the case of the unaudited statements, to normal, recurring adjustments, none of which will be material) the consolidated financial position of Acquiror and its consolidated subsidiaries as of their respective dates and the consolidated results of operations and the consolidated cash flows of Acquiror and its consolidated subsidiaries for the periods presented therein. The Chief Executive Officer and the Chief Financial Officer of Acquiror have signed, and Acquiror has filed with the SEC, all certifications required by Section 906 of the Sarbanes-Oxley Act of 2002 and such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn, and neither Acquiror nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, form or manner of filing of such certifications. As used in this Section 4.5, the term "file" shall be broadly construed to include any manner in which a document or information is furnished, supplied otherwise made available to the SEC.

* * *

(b) Representations and Warranties; Covenants and Agreements. The representations and warranties of Acquiror and Newco contained in this Agreement (i) shall have been true and correct at the date hereof and (ii), except for changes contemplated in this Agreement and where the failure of which could not be reasonably expected to have an Acquiror Material Adverse Effect, shall also be true and correct in all material respects at and as of the Closing Date, with the same force and effect as if made at and as of the Closing Date, provided....

* * *
(d) **No Acquiror Material Adverse Effect.** After the date of this Agreement there shall not have been any Acquiror Material Adverse Effect. [Emphasis added.]

38. Following the publication of the Company’s January 4, 2005 release, shares of the Company rallied - - trading from a close of $29.50 per share on January 3, 2005, to a close of $34.65 per share the following trading day. Moreover, within five trading days, as investors digested the purported significance of the Company’s statements and the representations and warranties within the Merger Agreement, shares of the Company continued to trade higher - - trading to a high of almost $38.50 per share on January 10, 2005.

39. Unbeknownst to investors, the statements contained in Spectrum Brands’ January 4, 2005 release and those statements contained in the Company’s Merger Agreement filed with the SEC in connection with the United acquisition referenced above, were materially false and misleading when made, and were known by defendants to be false or were recklessly disregarded as such, for the reasons stated in ¶ 6 *supra*.

40. **$500m Note Offering.** To finance the purchase of United, on January 11, 2005, the Company announced that it intended to offer $500 million aggregate principal amount of new Senior Subordinated Notes due 2015 through a private unregistered placement. For defendants, this Offering was critical. In light of
declining demand and lower margins on the Company’s core battery business, defendants knew that they must act quickly to make at least one or two very large acquisitions. As defendants knew but failed to disclose, this Offering was designed to finance the United acquisition, the undisclosed purpose and effect of which was to balance out declining demand for the Company’s core products.

41. “Record” 1Q:F05 Results. On January 27, 2005, defendants published a release announcing purported “record” setting financial results for the fiscal first quarter ended January 2, 2005. This release stated, in part, the following:

Rayovac Corporation (NYSE: ROV) announced fiscal 2005 first quarter diluted earnings per share of 79 cents, which include a one cent net gain from the disposal of fixed assets, compared with diluted earnings per share of 67 cents for the comparable period last year. First quarter 2005 pro forma diluted earnings per share of 78 cents were 20 percent higher than 2004 first quarter pro forma diluted earnings per share of 65 cents, and three cents higher than analysts' mean estimates as reported by First Call.

*     *     *

[Defendant Jones] commented that, "Rayovac delivered solid sales growth and double-digit earnings growth in our fiscal first quarter. Our worldwide battery business generated a strong sales increase of twelve percent. Global sales of Remington products improved modestly, with a very strong performance in Europe/Rest of World somewhat offset by lower sales in North America resulting from a challenging retail environment. We continue to make significant progress in the integration of our Microlite and Ningbo Baowang acquisitions, and we are pleased to announce that our Brazilian business (formerly Microlite) contributed positive operating earnings in the first quarter, two quarters ahead of our
original expectations. With a 20 percent pro forma diluted EPS growth rate for the fiscal first quarter, Rayovac continues to deliver exceptional performance." [Emphasis added.]

42. **Upward Guidance Revision.** The Company’s January 27, 2005 release also provided purported guidance for fiscal 2005 - - which revised the Company’s outlook upward - - in part, as follows:

   Fiscal Year 2005 Outlook

   *The company is raising its expectations for fiscal year 2005 diluted earnings per share to a range of $2.15 to $2.20.* Fiscal 2005 net sales expectations are unchanged at approximately $1.5 billion. *This guidance does not include the impact of the pending United Industries acquisition.* Financial guidance incorporating the impact of this acquisition will be provided subsequent to the anticipated closing of that transaction in February. [Emphasis added.]

43. The statements made by defendants and contained in the Company’s January 27, 2005 press release were materially false and misleading and were known by defendants to be false at that time, or were recklessly disregarded as such, for the reasons stated herein in ¶ 6, *supra*.

44. On February 7, 2005, the Company announced that it had completed the acquisition of United. In connection with this acquisition, defendants also announced that they had completed an offering of $700 million aggregate principal amount of its 7 3/8% Senior Subordinated Notes due 2015. According to a previously filed Form 8-K, filed with the SEC on or about January 10, 2005, the
portion of the total merger consideration paid by the Company using 13.75 million shares of Company common stock, was paid using shares exempt from registration under the Securities Act of 1933, as amended by reason of Section 4(2) thereof, Regulation D, or other private offering exemptions, and similar exemptions under applicable state securities laws.

45. **Scheme to Sell Stock.** Having saddled the Company with massive debt to pay for its newly acquired source of revenues, and faced with declining demand and lower margins for the Company’s most important line of business, its battery business, defendants knew that they would not be able to indefinitely sustain the artificial inflation in the price of Spectrum Brands stock. Accordingly, on or about February 10, 2005, defendant Jones and certain other Company insiders adopted what they referred to in SEC filings as a “Rule 10b5-1 trading plan.” Pursuant to this “plan,” defendant Jones and certain other Company insiders began to liquidate millions of dollars of their personally held Company stock. Throughout the remainder of the Class Period, defendants systematically sold shares of Spectrum Brands common stock while in possession of material adverse non-public information. In fact, defendants were so aggressive in their liquidation of Company stock that defendant Jones sold almost $1 million of his
Specialty Brands stock only two days before defendants later began to reveal the impaired financial condition of the Company.

46. **1Q:F05 Form 10-Q.** On or about February 11, 2005, defendants also filed with the SEC the Company’s 1Q:F05 Form 10-Q for the quarter ended January 2, 2005, signed by defendant Steward and certified by defendants Jones and Steward. In addition to making substantially similar statements concerning the Company’s financial and operational results as had been made previously, the Company’s 1Q:F05 Form 10-Q also stated, in part, the following:

**1 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** These condensed consolidated financial statements have been prepared by Rayovac Corporation (the “Company”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at January 2, 2005, and the results of operations and cash flows for the three month periods ended January 2, 2005 and December 28, 2003. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of September 30, 2004. Certain prior amounts have been reclassified to conform with the current presentation.

**Significant Accounting Policies and Practices:** The condensed consolidated financial statements include the consolidated financial
statements of Rayovac Corporation and its subsidiaries and are prepared in accordance with U.S. generally accepted accounting principles. All intercompany transactions have been eliminated. The Company’s fiscal year ends September 30. References herein to 2005 and 2004 refer to the fiscal years ended September 30, 2005 and 2004, respectively.

* * *

Critical Accounting Policies and Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and fairly present the financial position and results of operations of the Company. There have been no significant changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for our fiscal year ended September 30, 2004. [Emphasis added.]

47. Controls. In addition to the foregoing, the Company’s 1Q:F05 Form 10-Q contained statements concerning the Company’s purported controls and procedures, as follows:

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) pursuant to Rule 13a-15(c) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is
recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

48. **Certifications.** The Company’s 1Q:F04 Form 10-Q also contained certifications by defendants Jones and Steward which attested to the purported accuracy and completeness of the Company’s financial and operational reports, as required by the Sarbanes-Oxley Act of 2002.

49. **CAGNY Conference.** On February 23, 2005, defendant Jones presented at the Consumer Analyst Group of New York (“CAGNY”) Conference. During this conference, defendant Jones reiterated many of the same materially false and misleading statements as had been made previously in the Company’s releases and SEC filings. Unbeknownst to investors, the statements made by defendants during the CAGNY conference and those statements contained in the Company’s 1Q:F05 Form 10-Q, were materially false and misleading and were known by defendants to be false at that time, or were recklessly disregarded as such, for the reasons stated herein in ¶ 6, supra.
50. **Tetra Holding Acquisition.** On March 15, 2005, defendants published a release which announced that the Company had entered into a definitive agreement to acquire Tetra Holding GmbH (“Tetra”) for approximately euro 415 million. The Company’s release also stated, in part, the following:

Principal selling shareholders are Triton, an international private equity firm, as well as AXA Private Equity and Tetra management. Closing of the transaction is subject to customary conditions and is currently expected to occur prior to June 30, 2005. Rayovac currently expects the acquisition to be slightly accretive before synergies in the first year.

"The acquisition of Tetra is a significant step forward in our strategy of becoming a more significant global player in the pet supplies industry," said David A. Jones, Rayovac's chairman and chief executive officer. "Tetra's superior brand equity and demonstrated record of product innovation make it a premiere property in this industry. The combination of Tetra with our United Pet Group business means Rayovac becomes the world's largest manufacturer of pet supplies, a position with which we can leverage our company's worldwide operations, supply chain and information systems infrastructure to better meet the needs of our global retail customers."

United Pet Group President John Heil stated, "The Tetra brand is arguably the most recognized global brand name in the pet supplies industry. The acquisition of Tetra is a linchpin to our goal of becoming the most important pet supplies provider in the world."

[Emphasis added.]

again reiterated many of the same materially false and misleading statements as had been made previously in the Company’s press releases and in its SEC filings, reproduced herein, supra.

52. **Name Change.** On April 27, 2005, defendants published a release which announced the impending name change of the Company from Rayovac to Spectrum Brands. The Company’s release stated, in part, the following:

Rayovac Chairman and Chief Executive Officer Dave Jones told the gathering of shareholders that the name change represents a momentous occasion in the history of the company. *"This name change symbolizes the completion of the transformation of Rayovac Corporation from a U.S. battery manufacturer to a global diversified consumer products company with a robust portfolio of brands across seven major product categories,"* Jones said. *"The name 'Spectrum Brands' more clearly describes the company we are today, and evokes our strategy of growth through commitment to world-class consumer product brands."*

The official corporate name change becomes effective May 2, 2005. At the commencement of trading on that date, the company's common stock, which is traded on the New York Stock Exchange, will begin trading under the symbol "SPC." In honor of the occasion, Jones and other Spectrum Brands senior executives will be on hand at the New York Stock Exchange on May 2 to participate in the opening bell ceremony. [Emphasis added.]

53. **$1.18B Shelf Registration.** On April 27, 2005, with shares of the Company trading above $38.00, defendants announced that Spectrum Brands had filed a Form S-3 with the SEC, in connection with the shelf registration of at least $1.18 billion in common stock, preferred stock, debt securities, warrants, stock
purchase contracts and stock purchase units. The registration statement filed with the SEC in connection with this shelf registration incorporated by reference the Company’s 1Q:F05 Form 10-Q.

54. **2Q:F05 Results.** On May 4, 2005, defendants published a release announcing results for the fiscal second quarter of 2005 ended April 3, 2005, which stated, in part, the following:

Spectrum Brands, Inc. (NYSE: SPC) (formerly known as Rayovac Corporation), a global consumer products company with a diverse portfolio of world-class brands, announced a fiscal 2005 second quarter fully diluted loss per share of four cents, compared with diluted earnings per share of eight cents for the comparable period last year. Second quarter 2005 pro forma diluted earnings per share were 51 cents, a 168 percent improvement compared with 2004 second quarter pro forma diluted earnings per share of 19 cents, and one cent higher than analysts' mean estimates as reported by First Call.…. 

Financial results for the quarter ended April 3, 2005 include results from United Industries for the eight week period subsequent to the acquisition date of February 7, 2005 and Microlite S.A., which was acquired on May 28, 2004. Financial results for the periods prior to the acquisition date exclude United and Microlite.…. 

"We are off to an excellent start in our first quarter reporting as Spectrum Brands," said Dave Jones, Chairman & Chief Executive Officer. "Net sales showed strong growth of nine percent when compared to 2004 results adjusted to include United Industries. When compared to the same quarter last year, worldwide battery sales grew eleven percent and global sales of Remington branded products showed an improvement of ten percent. The lawn and garden, household insect control and pet supplies businesses we acquired with the United acquisition in February generated strong sales growth of seven percent versus their comparable standalone
2004 results. Spectrum Brands is continuing to deliver on our strategy of delivering industry-leading earnings growth through:

-- strategic acquisitions in consumer products categories with high growth potential,

-- investment in brand building and product innovation,

-- increased scale and strengthened relationships with major retailers, and

-- *creation of significant synergies through leveraging past investments in capacity and infrastructure.*" [Emphasis added.]

55. **2Q:F05 Form 10-Q.** On or about May 13, 2005, defendants filed with the SEC the Company’s 2Q:F05 Form 10-Q, for the quarter ended April 3, 2005, signed by defendant Steward and certified by defendants Jones and Steward. The 2Q:F05 Form 10-Q contained statements concerning the Company’s financial and operational results that were substantially similar to those statements made previously. The 2Q:F05 Form 10-Q also contained Certifications and statements concerning the Company’s Controls and Procedures, that were also substantially similar to those previously filed with the SEC. The Company’s 2Q:F05 Form 10-Q also stated, in part, the following:

**2 SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation: These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) and, in the opinion of the*
Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at April 3, 2005, and the results of operations and cash flows for the three and six month periods ended April 3, 2005 and March 28, 2004. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2004. Certain prior period amounts have been reclassified to conform to the current period presentation.

Significant Accounting Policies and Practices: The condensed consolidated financial statements include the condensed consolidated financial statements of the Company and are prepared in accordance with generally accepted accounting principles in the United States of America. All significant intercompany balances and transactions have been eliminated. The Company’s fiscal year ends September 30. References herein to 2005 and 2004 refer to the fiscal years ended September 30, 2005 and 2004, respectively.

The Company’s Condensed Consolidated Financial Statements presented herein include the results of operations for United subsequent to the February 7, 2005 date of acquisition, the results of operations for Microlite subsequent to the May 28, 2004 date of acquisition, and the results of operations for Ningbo subsequent to the March 31, 2004 date of acquisition. See footnote 11, “Acquisitions,” for additional information on the United, Microlite and Ningbo acquisitions.

*     *     *

Critical Accounting Policies and Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and fairly present the
financial position and results of operations of the Company. There have been no significant changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for our fiscal year ended September 30, 2004. [Emphasis added.]

56. United Acquisition Integrated. On July 9, 2005, the Company published a release which announced that Spectrum Brands had completed the first stage of integration of United following its acquisition. This release stated, in part, the following:

Spectrum Brands, Inc. (NYSE: SPC) (formerly Rayovac Corporation), a global consumer products company with a diverse portfolio of world-class brands, announced today that it has completed the first stage of its integration initiatives related to the February 2005 acquisition of United Industries. Effective July 1, the United Industries Consumer Home & Garden organization will be combined with the existing Spectrum Brands North American business unit. The Global Pet business unit, which encompasses both the United Pet Group and Tetra, will operate as a separate business unit headquartered in Cincinnati.

*     *     *

"The new merged North American structure will optimize the expertise and customer relationships inherent in both organizations to present a unified corporate face to our retail customers," commented Spectrum Brands Chairman and Chief Executive Officer Dave Jones. "The integration expertise we gained through our successful acquisitions of Varta and Remington gives us confidence that these first organizational changes are key to leveraging the potential of our combined companies and achieving the $75 million in synergies we identified as part of our acquisition due diligence efforts." [Emphasis added.]
57. The statements made by defendants in the Company’s April 27, 2005, May 4, 2005 and July 9, 2005 press releases and also those statements contained in Spectrum Brands’ 2Q:F05 Form 10-Q, were materially false and misleading and were known by defendants to be false at that time, or were recklessly disregarded as such, for the reasons stated herein in ¶ 6, supra.

THE TRUE FINANCIAL AND OPERATIONAL CONDITION OF SPECTRUM BRANDS BEGINS TO BE DISCLOSED

58. Only two days after defendant Jones sold almost $1 million of his personally owned Spectrum Brands stock at $38.63 per share, defendants issued a release which shocked investors and decimated the price of the Company’s stock. On July 28, 2005, defendants announced results for 3Q:F05 which were well below analyst consensus estimates, and lowered fiscal 2005 and 2006 estimates. For 2005, defendants lowered guidance to approximately $2.40 per share, from previous guidance as high as $2.50 and, for 2006, defendants revised adjusted earnings estimates as low as $2.70 per share - well below consensus estimates of $2.93 per share.

59. Based on the significant disparity between defendants’ prior guidance, the Company’s past performance and the results announced by defendants that day, following the publication of defendants’ release, shares of the Company fell
precipitously from a close of $38.37 per share on July 27, 2005, to a low of $30.10 on July 28, 2005. That day’s trading volume exceeded 4 million shares, almost 10 times the Company’s average daily. This substantial decline in the price of Spectrum Brands stock occurred, in part, as a reaction to defendants’ sudden and belated disclosures regarding the dramatic decline in sales of the Company’s core battery products.

60. Following the publication of this release, analysts at Prudential Securities immediately cut their rating on Spectrum Brands to “Neutral” from “Overweight” and lowered their price target to $36.00 per share from their previous target of $52.00 per share. According to analysts, the Company’s main problems stemmed from its significant decline in battery sales, which declined approximately 2% year-over-year, during the same quarter that overall North American sales for the Company rose 9%. In addition, analysts were also quick to note that, in the same period that the Company’s battery sales were declining, North American battery sales at its competitor, Energizer, grew 11%. At lest one analyst was quoted as stating, “so the health of the category does not appear to be the issue.”

61. However, the full extent of Spectrum’s deterioration had not yet been revealed. On September 7, 2005, defendants disclosed that expectations for the
fourth quarter and fiscal 2006 were even worse than revealed on July 28, 2005. In
a press release issued on the morning of September 7, 2005 defendants stated:

Spectrum Brands, Inc. (NYSE: SPC) announced today that earnings for its fourth quarter ending September 30, 2005 will be substantially lower than the guidance it provided earlier in the year. The company indicated that it expects to report fourth quarter pro forma diluted earnings per share between ten and fifteen cents when actual results are announced on November 10, 2005. (See table below for reconciliation of pro forma numbers to GAAP results.)

According to the company, two primary factors contributed to revenue and earnings coming in below expectations. First, consumer demand appears softer this quarter across many of Spectrum Brands' product categories. This trend is reflected in lower-than-expected battery sales in Europe, a weak end to the lawn and garden season in North America, especially in the insect repellant category, and a deceleration of the historically strong sales growth in the global pet supply category. North American battery sales will decline compared with last year, as expected, due to the ongoing transition to the new Rayovac marketing program combined with high inventory levels at retail. The slight uptick in sales expected from battery and flashlight sales in hurricane-impacted regions this quarter will not offset the expected sales decline in this segment. Overall, fourth quarter global revenue is forecast to be essentially flat with last year's results adjusted to include all acquisitions. Secondly, raw materials cost increases have accelerated recently in oil and natural gas, negatively impacting urea, plastics and packaging materials and transportation costs.

"We are in the process of reviewing our operating cost structure on a global basis for opportunities to right-size our business and protect margins," said Dave Jones, Spectrum Brands chairman and chief executive officer. "In addition, we are working to accelerate plans to capture the synergy opportunity we've identified with our recent acquisitions. However, at this point we remain cautious about the outlook for improvement in consumer spending trends and believe it
prudent to lower our expectations for fiscal 2006 pro forma EPS to a range of $2.50 to $2.65."

Defendants' September 7, 2005 projections lacked a reasonable basis when made.

62. The extent of Spectrum's problems was further revealed on November 10, 2005, when the Company, before the market opened, issued a press release before the market opened announcing fourth quarter and fiscal year 2005 earnings. Fourth quarter results were impacted, the Company said, by declines in battery sales in North America and Europe. The Company attributed the decline primarily to "weakness in consumer spending in Europe, the impact of its battery marketing strategy transition and high battery inventory levels at retail in North America."

63. The Company also, at this time, revised downward - yet again - its earnings guidance for fiscal year 2006, now projecting earnings of between $2.10-$2.20 per share, blaming in part the allegedly "recent challenges in our battery business." In light of its problems, a Merrill Lynch analyst, Christoper Farrara questioned whether Spectrum's new guidance was still too aggressive, stating "... it looks like the new outlook still calls for earnings-per-share growth of nearly 40 percent in the last three quarters of 2006, which is aggressive." Ferrara added "[i]t
also seems that the new outlook is dependent upon the acceleration of cost cutting and the success of pricing in 2006, which are not certainties."

64. In response to Spectrum's November 10 pre-market disclosure, Spectrum stock slid to its lowest point since November 14, 2003, losing $2.28, or 11.5 percent, to close at $18.00 per share. Over 4.5 million shares traded on this news, nearly seven times the average daily trading volume over the past three months according to Yahoo Finance.

65. The extent of Defendants' fraud likely still has not been fully revealed. As Deutsche Bank analyst William Schmitz said in a note, management credibility is at an all-time low and “the smoke may not have yet cleared.”

66. Similarly, SunTrust Robinson Humphrey analyst Bill Chappell wrote "[o]ur primary concern is 'how conservative is this new, several-times revised outlook?' The earnings forecast is down from a Sept. 7 estimate of $2.50 to $2.65 per share. As recently as July 28, Spectrum forecast $2.70 to $2.85 per share."

67. Summing up Spectrum's fourth quarter and year end announcement, Motley Fool wrote that: "[o]n average, analysts expected $625.4 million in revenue, with the lowest predicting $613 million. Instead, Spectrum quietly turned in $603.7 million. Revenue was down 8.9% year over year, net of the effect of the company's acquisitions."
68. Motley Fool also was quick to point out that Spectrum's North American battery business "stunk up the quarter. Operating profits fell 59.2% to $18.4 million. The company cited high retail inventory levels, increased raw materials and energy costs, lower margins associated with the United business, and various restructuring charges related to the United integration."

69. Standard & Poor's also reacted to Spectrum's announcement that it has further revised downward its earnings guidance for fiscal 2006, stating that it may cut its ratings on Spectrum Brands Inc. as a result. The Company, S&P noted, continued to be affected by a weak battery category segment in Europe and North America and increasing commodity and transportation costs, S&P said. S&P ranks Spectrum "B-plus," four levels below investment grade.

70. On November 14, 2005, before the market opened, Spectrum announced that the United States Attorney's Office for the Northern District of Georgia "has initiated an investigation into recent disclosures by the Company regarding its results for its third quarter ended July 3, 2005 and the Company's revised guidance issued on September 7, 2005 as to earnings for the fourth quarter of fiscal 2005 and fiscal year 2006." In response to this news, the price of Spectrum common stock opened lower than its closing price on November 18, 2005 and has fallen even further on heavy trading.
71. The market for Spectrum Brands’ common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Spectrum Brands common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Spectrum Brands common stock upon the integrity of the market price and market information relating to Spectrum Brands, and have been damaged thereby.

72. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Spectrum Brands common stock by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants’ statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

73. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements
about Spectrum Brands’ business, prospects and operations. These material misstatements and omissions had the cause and effect of creating an unrealistically positive assessment of Spectrum Brands and its business, prospects and operations, thus causing the Company’s common stock to be overvalued and artificially inflated at all relevant times. Defendants’ materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company’s common stock at artificially inflated prices, thus causing the damages complained of herein.

CAUSATION AND ECONOMIC LOSS

74. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market, and a course of conduct that artificially inflated Spectrum Brands’ stock price and operated as a fraud or deceit on Class Period purchasers of Spectrum Brands’ stock by misrepresenting the Company’s financial results. Over a period of little more than six months, defendants improperly inflated the Company’s financial results. Ultimately, however, when defendants’ prior misrepresentations and fraudulent conduct came to be revealed and was apparent to investors, shares of Spectrum Brands declined precipitously - - evidence that the prior artificial inflation in the price of Spectrum Brands’ shares was eradicated. As a result of their purchases of Spectrum Brands stock during the
Class Period, plaintiff and other members of the Class suffered economic losses, \textit{i.e.} damages under the federal securities laws.

75. By improperly characterizing the Company’s financial results and misrepresenting its prospects, the defendants presented a misleading image of Spectrum Brands’ business and future growth prospects. During the Class Period, defendants repeatedly emphasized the financial strength and well being of the Company, and consistently reported sales of its core battery products well within expectations sponsored and/or endorsed by defendants. These claims caused and maintained the artificial inflation in Spectrum Brands’ stock price throughout the Class Period and until the truth about the Company was ultimately revealed to investors.

76. Defendants’ false and materially misleading statements had the intended effect of causing Spectrum Brands’ shares to trade at artificially inflated levels throughout the Class Period - - reaching a Class Period high of over $46.00 per share on March 15, 2005.

77. On July 28, 2005, however, defendants revealed that the Company would come nowhere near achieving guidance previously sponsored and/or endorsed by defendants. That day, defendants reported a huge earnings miss for the third fiscal quarter of 2005 and revised full year guidance much lower than
previous guidance, after announcing that sales of the Company’s core battery products were well below guidance and well below the double digit sales growth reported in the prior quarters. While defendants were issuing such false and misleading statements, they rushed to complete the acquisitions of United and Tetra and sold and/or registered for sale almost $2.5 billion in additional Spectrum Brands securities. A second disclosure caused the stock to drop yet again on September 7, 2005, and the Company's disclosures, on November 10, 2005 and November 14, 2005, caused its stock to drop even further. These belated disclosures had an immediate, adverse impact on the price of Spectrum Brands shares.

78. These belated revelations also evidenced defendants’ prior falsification of Spectrum Brands’ business prospects. As investors and the market ultimately learned, the Company’s prior business prospects and demand for its core battery products had been materially overstated. As this adverse information became known to investors, the prior artificial inflation began to be eliminated from Spectrum Brands’ share price and Company investors were damaged as a result of the related share price decline.

79. As a direct result of defendants’ statements on July 28, 2005, September 7, 2005, November 10, 2005, and November 14, 2005, which indicated
that sales of the Company’s core battery products were much lower than previously disclosed, and that guidance for FY 2005 and FY 2006 were also overstated throughout the Class Period, Spectrum Brands’ stock price collapsed to $30.10 per share, from over $38.25 per share - a decline of over 20% on July 28, 2005, on very heavy trading volume of over 4 million shares, over 10 times the average daily trading volume, an additional 13% on September 7, 2005, another 11.5% on November 10, 2005, and even further on November 14, 2005. This dramatic share price decline eradicated much of the artificial inflation from Spectrum Brands’ share price, causing real economic loss to investors who purchased this stock during the Class Period. In sum, as the truth about defendants’ fraud and illegal course of conduct became known to investors, and as the artificial inflation in the price of Spectrum Brands shares was eliminated, plaintiff and the other members of the Class were damaged, suffering an economic loss of at least $8.00 per share.

80. The decline in Spectrum Brands stock price at the end of the Class Period was a direct result of the nature and extent of defendants’ fraud being revealed to investors and to the market. The timing and magnitude of Spectrum Brands stock price decline negates any inference that the losses suffered by plaintiff and the other members of the Class was caused by changed market
conditions, macroeconomic or industry factors or even Company-specific facts unrelated to defendants’ fraudulent conduct. During the same period in which Spectrum Brands share price fell over 20% as a result of defendants’ fraud being revealed, the Standard & Poor’s 500 securities index was relatively unchanged. The economic loss, i.e. damages suffered by plaintiff and other members of the Class, was a direct result of defendants’ fraudulent scheme to artificially inflate the price of Spectrum Brands’ stock and the subsequent significant decline in the value of the Company’s shares when defendants’ prior misstatements and other fraudulent conduct was revealed.

**VIOLATIONS OF GAAP AND SEC REPORTING RULES**

81. During the Class period, defendants materially misled the investing public, thereby inflating the price of the Company's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its financial performance, accounting, reporting, and financial condition in violation of the federal securities laws and GAAP.
82. GAAP consists of those principles recognized by the accounting profession as the conventions, rules, and procedures necessary to define accepted accounting practice at the particular time. Regulation S-X, to which the Company is subject as a registrant under the Exchange Act, 17 C.F.R. 210.4-01(a)(1), provides that financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate. SEC Rule 13a-13 requires issuers to file quarterly reports.

83. SEC Rule 12b-20 requires that periodic reports contain such further information as is necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

84. In addition, Item 303 of Regulation S-K requires that, for interim periods, the Management Division and Analysis Section ("MD&A") must include, among other things, a discussion of any material changes in the registrant's results of operations with respect to the most recent fiscal year-to-date period for which an income statement is provided. *Instructions to Item 303 require that this discussion identify any significant elements of registrant's income or loss from continuing operations that are not necessarily representative of the registrant's ongoing business.* Item 303(a)(2)(ii) to Regulation S-K requires the following discussion in the MD&A of a company's publicly filed reports with the SEC:
Describe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in relationship shall be disclosed. [Emphasis added.]

Paragraph 3 of the Instructions to Item 303 states in relevant part:

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of (A) matters that would have an impact on future operations and have not had an impact in the past. . . [Emphasis added.]

85. The GAAP requirement for recognition of an adequate provision for foreseeable costs and an associated allowance applies to interim financial statements as required by Accounting Principles Board Opinion No. 28. Paragraph 17 of this authoritative pronouncement states that:

The amounts of certain costs and expenses are frequently subjected to year-end adjustments even though they can be reasonably approximated at interim dates. To the extent possible such adjustments should be estimated and the estimated costs and expenses assigned to interim periods so that the interim periods bear a reasonable portion of the anticipated annual amount. [Emphasis added.]

86. The Company's financial statements contained in the fiscal first and second quarter 2005 Forms 10-Q were presented in a manner that violated the
principle of fair financial reporting and the following GAAP provisions, among others:

(a) The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions (FASB Statement of Concepts No. 1).

(b) The principle that financial reporting should provide information about an enterprise's financial performance during a period (FASB Statement of Concepts No. 1).

(c) The principle that financial reporting should be reliable in that it represents what it purports to represent (FASB Statement of Concepts No. 2).

(d) The principle of completeness, which means that nothing material is left out of the information that may be necessary to ensure that it validly represents underlying events and conditions (FASB Statement of Concepts No. 2).

(e) The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered (FASB Statement of Concepts No. 2).

(f) The principle that contingencies and other uncertainties that affect the fairness of presentation of financial data at an interim date shall be disclosed in interim reports in the same manner required for annual reports (APB Opinion No. 28).

(j) The principle that disclosures of contingencies shall be repeated in interim and annual reports until the contingencies and have been removed, resolved, or have become immaterial (APB Opinion No. 28).

(k) The principle that management should provide commentary relating to the effects of significant events upon the interim financial results (APB Opinion No. 28).

87. In addition, during the Class Period, defendants violated SEC disclosure rules:
(a) **defendants failed to disclose the existence of known trends, events or uncertainties that they reasonably expected would have a material, unfavorable impact on net revenues or income or that were reasonably likely to result in the Company's liquidity decreasing in a material way**, in violation of Item 303 of Regulation S-K under the federal securities laws (17 C.F.R. 229.303), and that failure to disclose the information rendered the statements that were made during the Class Period materially false and misleading; and

(b) **by failing to file financial statements with the SEC that conformed to the requirements of GAAP, such financial statements were presumptively misleading and inaccurate pursuant to Regulation S-X, 17 C.F.R. ' 210.4-01(a)(1).**

88. Defendants were required to disclose, in the Company's financial statements, the existence of the material facts described herein and to appropriately recognize and report assets, revenues, and expenses in conformity with GAAP. The Company failed to make such disclosures and to account for and to report its financial statements in conformity with GAAP. Defendants knew, or were severely reckless in not knowing, the facts which indicated that the fiscal first and second quarters 2005 Forms 10-Q, the Merger Agreement filed in connection with the United acquisition, its press releases, public statements, and filings with the SEC, which were disseminated to the investing public during the Class Period, were materially false and misleading for the reasons set forth herein. Had the true financial position and results of operations of the Company been disclosed during
the Class period, the Company's common stock would have traded at prices well below that which it did.

**ADDITIONAL SCIENTER ALLEGATIONS**

89. As alleged herein, defendants acted with scienter in that each defendant knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Spectrum Brands, their control over, and/or receipt and/or modification of Spectrum Brands’ allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Spectrum Brands, participated in the fraudulent scheme alleged herein.

90. Defendants were motivated to materially misrepresent to the SEC and investors the true financial condition of the Company because: (i) it enabled defendants to acquire United using at least 13.75 million shares of Company stock valued at well over $400 million, and by using hundreds of millions of dollars
raised through the sale of debt securities to finance the United and Tetra acquisitions; (ii) it enabled defendants to register for sale with the SEC more than $1.8 billion of mixed securities; and (iii) it enabled Spectrum Brands insiders to sell millions of dollars of their privately held Spectrum Brands shares while in possession of material adverse non-public information about the Company. These stock sales, including the sale by defendant Jones of almost $1 million of Spectrum Brands stock only two days before defendants revealed very disappointing results for 3Q:F05, were highly unusual in their timing and amount. The insider stock sales which occurred within the Class Period are set forth below:

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<td>05/23/2005</td>
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<td>Jones, David A.</td>
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Applicability Of Presumption Of Reliance: 
Fraud-On-The-Market Doctrine

91. At all relevant times, the market for Spectrum Brands’ common stock was an efficient market for the following reasons, among others:

(a) Spectrum Brands’ stock met the requirements for listing, and was listed and actively traded on the NYSE national market exchange, a highly efficient and automated market;

(b) As a regulated issuer, Spectrum Brands filed periodic public reports with the SEC and the NYSE;

(c) Spectrum Brands regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Spectrum Brands was followed by several securities analysts employed by major brokerage firm(s) who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firm(s). Each of these reports was publicly available and entered the public marketplace.

92. As a result of the foregoing, the market for Spectrum Brands securities promptly digested current information regarding Spectrum Brands from
all publicly available sources and reflected such information in Spectrum Brands stock price. Under these circumstances, all purchasers of Spectrum Brands common stock during the Class Period suffered similar injury through their purchase of Spectrum Brands common stock at artificially inflated prices and a presumption of reliance applies.

**NO SAFE HARBOR**

93. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an
executive officer of Spectrum Brands who knew that those statements were false when made.

BASIS OF ALLEGATIONS

94. Plaintiff has alleged the following based upon the investigation of plaintiff’s counsel, which included a review of SEC filings by Spectrum Brands, as well as regulatory filings and reports, securities analysts’ reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

FIRST CLAIM
Violation Of Section 10(b) Of The Exchange Act And Rule 10b-5 Promulgated Thereunder Against All Defendants

95. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

96. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period: (i) deceived the investing public, including plaintiff and other Class members, as alleged herein; (ii) enabled defendants to acquire United using at least 13.75 million shares of Company stock and using hundreds of millions of dollars raised
through the sale of debt securities; (iii) enabled defendants to register for sale with
the SEC more than $500 million of mixed securities; (iv) enabled Company
insiders to sell millions of dollars of their privately held Spectrum Brands shares
while in possession of material adverse non-public information about the
Company; and (v) caused plaintiff and other members of the Class to purchase
Spectrum Brands common stock at artificially inflated prices. In furtherance of
this unlawful scheme, plan and course of conduct, defendants, jointly and
individually (and each of them) took the actions set forth herein.

97. Defendants: (a) employed devices, schemes, and artifices to defraud;
(b) made untrue statements of material fact and/or omitted to state material facts
necessary to make the statements not misleading; and (c) engaged in acts,
practices, and a course of business which operated as a fraud and deceit upon the
purchasers of the Company’s common stock in an effort to maintain artificially
high market prices for Spectrum Brands’ common stock in violation of Section
10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as
primary participants in the wrongful and illegal conduct charged herein or as
controlling persons as alleged below.

98. Defendants, individually and in concert, directly and indirectly, by the
use, means or instrumentalities of interstate commerce and/or of the mails, engaged
and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Spectrum Brands as specified herein.

99. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Spectrum Brands’ value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Spectrum Brands and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Spectrum Brands common stock during the Class Period.

100. Each of the Individual Defendants’ primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company’s management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer
and/or director of the Company was privy to and participated in the creation, development and reporting of the Company’s internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company’s management team, internal reports and other data and information about the Company’s finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company’s dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

101. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts. Such defendants’ material misrepresentations and/or omissions were done knowingly or recklessly, for the purpose and effect of concealing Spectrum Brands’ operating condition and future business prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by defendants’ overstatements and misstatements of the Company’s business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in
failing to obtain such knowledge by refraining from taking those steps necessary to
discover whether those statements were false or misleading.

102. As a result of the dissemination of the materially false and misleading
information and failure to disclose material facts, as set forth above, the market
price of Spectrum Brands common stock was artificially inflated during the Class
Period. In ignorance of the fact that market prices of Spectrum Brands’ publicly-
traded common stock were artificially inflated, and relying directly or indirectly on
the false and misleading statements made by defendants, or upon the integrity of
the market in which the securities trade, and/or on the absence of material adverse
information that was known to or recklessly disregarded by defendants but not
disclosed in public statements by defendants during the Class Period, plaintiff and
the other members of the Class acquired Spectrum Brands common stock during
the Class Period at artificially high prices and were damaged thereby.

103. At the time of said misrepresentations and omissions, plaintiff and
other members of the Class were ignorant of their falsity, and believed them to be
true. Had plaintiff and the other members of the Class and the marketplace known
the truth regarding the problems that Spectrum Brands was experiencing, which
were not disclosed by defendants, plaintiff and other members of the Class would
not have purchased or otherwise acquired their Spectrum Brands common stock,
or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

104. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

105. As a direct and proximate result of defendants’ wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company’s common stock during the Class Period.

SECOND CLAIM
Violation Of Section 20(a) Of The Exchange Act Against Individual Defendants

106. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

107. The Individual Defendants acted as controlling persons of Spectrum Brands within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company’s operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the
decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company’s reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

108. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

109. As set forth above, Spectrum Brands and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants’ wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company’s common stock during the Class Period.
WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff’s counsel as Lead Counsel;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants’ wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

D. Awarding extraordinary, equitable and/or injunctive relief as permitted by law, equity and the federal statutory provisions sued hereunder, pursuant to Rules 64 and 65 and any appropriate state law remedies to assure that the Class has an effective remedy; and

E. Such other and further relief as the Court may deem just and proper.
JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: November 14, 2005

CHITWOOD HARLEY HARNES LLP

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