



Rayovac and Leading European-Based Battery Maker Varta Announce Agreement To Combine Consumer Battery Businesses

July 29, 2002

- Rayovac will become one of the largest consumer battery companies in the world.
- Rayovac and Varta Consumer Battery businesses generated \$1 billion in sales in fiscal 2001 and sell products in more than 100 countries.

MADISON, Wis. and HANNOVER, Germany, July 29 /PRNewswire-FirstCall/ --

Rayovac (NYSE: ROV) of Madison, Wis., and Varta AG of Hannover, Germany, today announced that the companies have signed an agreement to combine Varta's global consumer battery business with Rayovac. The transaction does not include Varta's Brazilian joint venture, its automotive or micro-power battery businesses.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20020716/ROVLOGO>)

<http://www.newscom.com/cgi-bin/prnh/20020729/MNM003>

This all-cash transaction is expected to close in the Fall of 2002 and is valued at 262 million Euros (\$262 million U.S. at current exchange rates). Rayovac will acquire all of the Varta consumer subsidiaries located outside of Germany and will become the majority owner of a new joint venture entity that will conduct all consumer battery operations within Germany.

Closing is subject to Rayovac obtaining the necessary financing, approval of Varta AG shareholders and other customary closing conditions. Varta's consumer battery division had 2001 sales of 398 million Euros (\$398 million U.S. at current exchange rates). The Varta consumer battery business complements Rayovac's global business with minimal geographic overlap. Rayovac believes the transaction will be accretive in fiscal 2003 and thereafter.

The transaction is proposed to be financed by a new \$675 million bank credit facility led by Bank of America and Citigroup. Proceeds of the new credit facility will be used to retire existing bank debt, fund the transaction and provide for the expanded working capital needs of the larger company.

"This transaction is the most significant milestone in the history of Rayovac," said Dave Jones, Rayovac chairman and CEO. "Varta's consumer battery brands are highly regarded in Europe and Latin America. Their battery technology and manufacturing/distribution infrastructure are state-of-the-art. Without question, combining Varta's consumer battery business with Rayovac's existing businesses will create a much stronger global competitor, selling in more than 100 countries worldwide. The combination of these businesses provides a strong platform for market growth, improved customer service and technology advancements for consumers."

Jones added, "Upon closing this deal, Rayovac will be one of the largest consumer battery companies in the world with the #1 market position in Germany, the largest European battery market, #2 overall market position in Europe, a stronger #1 position in Latin America, excluding Brazil, as well as the leading value brand in North America. Additionally, we expect Rayovac will realize significant benefits in the future as the Rayovac and Varta businesses are combined to strengthen our battery portfolio in important global markets."

"With Rayovac's strong track record of innovation and marketing skills, we believe the Varta consumer battery business will be aligned with a company that can maximize its full potential," said Dr. Georg Prilhofer, chairman of Varta AG. "This deal will also allow Varta AG to concentrate our efforts on our other businesses."

As part of this agreement, Rayovac will be the exclusive worldwide distributor of micro batteries produced by Varta Microbatterie GmbH. Varta Microbatterie will focus its energies on serving its global base of Original Equipment Manufacturers (OEM) and Original Equipment Suppliers (OES) and specialty customers and will continue to design and manufacture its extensive line of micro-battery products.

Technological Excellence

Varta's state-of-the-art battery product technology is a natural complement to Rayovac's culture of innovation. Rayovac recently introduced Maximum Plus(TM) Alkaline batteries, the company's longest-lasting alkaline batteries ever, and Rayovac's revolutionary In-Cell Charge Control (I-C3) technology, expected to dramatically reduce the charge time of rechargeable nickel metal hydride (NiMH) batteries when commercially available.

Varta is an industry leader in batteries specially formulated for high-drain devices. Varta's specialty, photo and rechargeable batteries offer advanced technology and performance benefits in many high-growth markets. Varta's high-speed manufacturing process and equipment design is state-of-the-art, ensuring the highest quality standards. Their superior battery and device testing capabilities allow extremely rapid product development.

Benefits to Customers

The transaction advances Rayovac's mission to become a technology-focused, market-driven global consumer products company. Where the Varta consumer brand has strong recognition, such as in Germany, Europe and Colombia, Rayovac can leverage that strength and be well positioned for overall market growth. Rayovac will also capitalize on Varta's European state-of-the-art manufacturing, packaging and distribution facilities to better serve the growing needs of global retail customers.

In Europe, Varta consumer battery products are sold in more than 200,000 retail locations and in seven of the top 10 global retailers. Varta is the top selling brand in Germany, where it holds over 40% of the consumer battery market and is the top selling brand in Austria, Finland, Croatia and Slovenia. In Mexico and Colombia, Varta products are sold in more than 100,000 stores.

The European manufacturing, sales, distribution and administration operations of Varta's consumer battery business will be combined with Rayovac's existing European operations and will be led by Remy Burel, CEO of Varta's consumer battery business. Varta's Latin American operations will be combined with Rayovac's existing Latin American business and led by Luis Cancio, executive vice president of Rayovac Latin America. Varta's small consumer battery operation in the U.S. will be integrated into Rayovac North American operations. Current customer relationships and operational functions will continue as is.

Facts About Rayovac

Rayovac is one of the world's leading battery and lighting device companies. The Company also markets the number one selling rechargeable brand of battery in the U.S. and is the world leader in hearing aid batteries. Rayovac had fiscal 2001 sales of \$616 million and sells in 60 countries around the world.

Headquartered in Madison, Wis., Rayovac offers a wide breadth of products including alkaline and zinc carbon primary batteries; lithium and zinc air button cell batteries; rechargeable Nickel Metal Hydride (NiMH) and alkaline batteries and chargers; and battery-powered lighting products. Rayovac has manufacturing operations in North America, Latin America and the UK. Rayovac trades on the New York Stock Exchange under the ROV symbol.

Facts on Varta's Consumer Battery Business

Varta's consumer battery business had FY 2001 sales of 398 million Euros (\$398 million US) and 2001 operating results before interest, taxes, depreciation and amortization (EBITDA) of 38 million Euros (\$38 million US).

Varta's consumer battery products are sold in 100 countries worldwide. Varta consumer battery products include: alkaline and zinc carbon primary batteries; rechargeable Nickel Metal Hydride (NiMH) batteries; and a wide assortment of photo; watch; cordless and cellular phone, and video camera batteries. They also market flashlights.

Rayovac will conduct a live webcast today (July 29, 2002) at 10 a.m. EDT. To access the webcast, go to the home page of www.rayovac.com or type in the URL address of <http://www.videonewswire.com/event.asp?id=6780>. For those who cannot participate during the live webcast, it will be archived on the web site.

Salomon Smith Barney acted as lead advisor to the Company on this transaction and provided a fairness opinion to the Board of Directors. Banc of America Securities LLC also acted as financial advisor to the Company.

(*All market shares are based on management estimates on a unit basis.)

Certain matters discussed in this news release, with the exception of historical matters, are forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. These statements are subject to a number of risks, uncertainties and other factors that could cause results to differ materially from those anticipated as of the date of this release.

Actual results may differ materially from these statements as a result of (1) changes in external competitive market factors, such as introduction of new product features or technological developments, development of new competitors or competitive brands or competitive promotional activity or spending, (2) changes in consumer demand for the various types of consumer batteries, (3) changes in the general economic conditions where we do business, such as stock market prices, interest rates, currency exchange rates, inflation and raw material costs, and (4) various other factors, including those discussed herein and those set forth in the Company's most recent Form 10Q, Annual Report on Form 10-K and the prospectus supplement for the Company's most recent offering of its common stock.

RAYOVAC/VARTA ACQUISITION FACT SHEET

RAYOVAC	VARTA CONSUMER BATTERY DIVISION	COMBINED COMPANY
SALES	SALES	SALES
-- Fiscal 2001 sales of \$616 million	-- Fiscal 2001 sales of 398 million Euros (\$398 million)	-- \$1 billion in sales
-- Geographic sales: -- 73% from North America, 19% from Latin America and 8% from Europe	-- Geographic sales: -- 86% from Europe, 14% from Latin America	-- Geographic sales: -- 45% from North America, 37% from Europe, 18% from Latin America
-- Product sales: -- Alkaline 49%, Zinc Carbon 22%, Hearing Aid Batteries 11%, Lighting	-- Product sales: -- Alkaline 50%, Zinc Carbon 20%, Rechargeables 9%, Photo 7%, Lighting Products 6% and Other 8%	-- Product sales: -- Alkaline 50%, Zinc Carbon 21%, Lighting Products 8%, Rechargeables 7%, Hearing Aid

Products 10%,
Rechargeables 5%
and Other 3%

Batteries 6%,
Photo 3% and Other
5%

FACTS AND FIGURES

-- World headquarters in Madison, Wis.
-- Products sold in 60 countries
-- Listed as a public company on the New York Stock Exchange since 1997
-- Rayovac's main product offerings include: Maximum Plus alkaline batteries, rechargeables-Nickel Metal Hydride (NiMH) and rechargeable alkaline batteries, 1-Hour charger, I-C3 NiMH batteries that can be recharged in 15 minutes, hearing aid batteries, zinc carbon/chloride batteries, lithium specialty batteries, and battery-operated lighting products
-- Rayovac markets the #1 selling rechargeable brand of battery in the U.S. and is the world leader in hearing aid batteries

FACTS AND FIGURES

-- Main operations in Germany
-- Products sold in 100 countries
-- Consumer battery products include: alkaline, zinc carbon/chloride, rechargeable Nickel Metal Hydride (NiMH) and Nickel Cadmium (NiCad), photo, watch, cordless phone, cellular phone and video camera
-- Varta markets the number-one-selling battery in Germany -- the largest European market -- Austria, Finland, Croatia, Slovenia and Colombia, South America

FACTS AND FIGURES

-- World headquarters in Madison, Wis., with major operations in Germany, Europe, UK and Latin America
-- Products sold in more than 100 countries
-- Full line of primary and secondary batteries, specialty batteries and lighting devices
-- One of the largest consumer battery companies in the world
-- #3 market position in North America
-- #2 market position in Europe
-- #1 market position in Latin America

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CONTACT: John Daggett of Rayovac Corporation, +1-608-275-4912

Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20020729/MNM003> AP Archive: <http://photoarchive.ap.org> PRN Photo Desk, +1-888-776-6555 or +1-212-782-2840

CAPTION: MNM003 RAYOVAC AND VARTA AGREE TO COMBINE BATTERY BUSINESSES Rayovac (NYSE: ROV) of Madison, Wisconsin, and Varta AG of Hannover, Germany, today announced that the companies have signed an agreement to combine Varta's global consumer battery business with Rayovac. (Pictured left to right): Walther Wever, member of the executive board, Varta AG; Dr. Georg Prilhofer, chairman of the executive board of directors, Varta AG; Dave Jones, chairman and CEO, Rayovac; and Kent Hussey, president and CFO, Rayovac. (PRNewsFoto)[MP] MADISON, WI USA 07/29/2002