As filed with the Securities and Exchange Commission on May 13, 1998
Registration No. 333-49281

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO

FORM S-3
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

RAYOVAC CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin	22-2423556
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employers Identification No.)

601 Rayovac Drive
Madison, Wisconsin 53711-2497
(608) 275-3340
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

JAMES A. BRODERICK, ESQ.
Vice President and General Counsel
Rayovac Corporation
601 Rayovac Drive
Madison, Wisconsin 53711-2497
(608) 275-3340
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of Communications to:

LOUIS A. GOODMAN, ESQ.	VALERIE FORD JACOB, ESQ.
Skadden, Arps, Slate, Meagher & Flom LLP	Fried, Frank, Harris, Shriver & Jacobson
One Beacon Street	One New York Plaza
Boston, Massachusetts 02108	New York, New York 10004
(617) 573-4800	(212) 859-8000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]___________

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]___________

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)

Common Stock, par value $.01 per share	7,475,000	$ 23.13	$172,896,750	$51,005

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended, and includes shares of Common Stock that may be purchased by the Underwriters pursuant to an over-allotment option.
(2) Calculated based upon the average of the high and low prices reported on the New York Stock Exchange for March 31, 1998, in accordance with Rule 457(c) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

==

EXPLANATORY NOTE

This Registration Statement contains two separate prospectuses. The first prospectus relates to a public offering of shares of common stock of Rayovac Corporation (the "Company"), par value $.01 per share (the "Common Stock"), in the United States and Canada (the "U.S. Offering"). The second prospectus relates to a concurrent offering of Common Stock outside the United States and Canada (the "International Offering," and together with the U.S. Offering, the "Offerings"). The prospectuses for the U.S. Offering and the International Offering will be identical in all respects, other than the front cover page, the "Underwriting" section and the back cover page. Such alternate pages for the International Offering appear in this Registration Statement immediately following the complete prospectus for the U.S. Offering.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED MAY 12, 1998

PROSPECTUS

6,500,000 Shares

[Logo]

Common Stock

All of the 6,500,000 shares of Common Stock of Rayovac Corporation ("Rayovac" or the "Company") offered hereby are being sold by certain shareholders (the "Selling Shareholders") of the Company. See "Principal and Selling Shareholders." The Company is not selling any shares of Common Stock in this Offering and will not receive any of the proceeds from the sale of shares of Common Stock offered hereby.

Of the 6,500,000 shares of Common Stock offered hereby, 5,200,000 shares are being offered for sale initially in the United States and Canada by the U.S. Underwriters and 1,300,000 shares are being offered for sale initially in a concurrent offering outside the United States and Canada by the International Managers. The initial public offering price and the underwriting discount per share will be identical for both Offerings. See "Underwriting."

The Common Stock is listed on the New York Stock Exchange under the symbol "ROV." On May 11, 1998, the last sale price of the Common Stock as reported on the New York Stock Exchange was $22.75 per share. See "Price Range of Common Stock and Dividend Policy."

See "Risk Factors" beginning on page 12 for a discussion of certain factors that should be considered by prospective purchasers of the Common Stock offered hereby.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount (1)	Proceeds to Selling Shareholders (2)
Per Share	$	$	$
Total(3)	$	$	$

(1) The Company and the Selling Shareholders have agreed to indemnify the several Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) The Company has agreed to pay certain expenses of the Offerings estimated at $800,000.

(3) The Selling Shareholders have granted the U.S. Underwriters and the International Managers options to purchase up to an additional 780,000 shares and 195,000 shares of Common Stock, respectively, in each case exercisable within 30 days after the date hereof, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discount and Proceeds to the Selling Shareholders will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Common Stock will be made in New York, New York on or about , 1998.

Merrill Lynch & Co.
Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette
Securities Corporation
Salomon Smith Barney

The date of this Prospectus is , 1998.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

[Inside Front Cover]

[RAYOVAC Logo](R)

[Picture of Five Rayovac Maximum Alkaline Battery Packs on Gray Background]

[Picture of Michael Jordan holding a Rayovac Maximum Alkaline Battery Pack]

[Picture of Six Rayovac Rechargeable Battery Products on Gray Background]

[Picture of Rayovac Battery Store Display on Gray Background]

[Picture of Arnold Palmer Advertisement for Rayovac Hearing Aid Batteries]

RAYOVAC[RegTM], RENEWAL[RegTM], LOUD'N CLEAR[RegTM], POWER STATION[RegTM], PROLINE[RegTM], WORKHORSE[RegTM], ROUGHNECK[RegTM], SMART PACK[RegTM], BEST LABS[RegTM], ULTRACELL[RegTM], XCELL[RegTM] and AIRPOWER[RegTM] are registered trademarks of the Company. MAXIMUM[TM], LIFEX[TM] and SMART[TM] STRIP are trademarks of the Company. All other trademarks or tradenames referred to in this Prospectus are the property of their respective owners.

Certain persons participating in the Offerings may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Such transactions may include stabilizing and the purchase of Common Stock to cover syndicate short positions. For a description of these activities, see "Underwriting."

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus assumes that the Underwriters' over-allotment options have not been exercised. Upon consummation of the Recapitalization (as defined herein) on September 12, 1996, the Company changed its fiscal year end from June 30 to September 30. For clarity of presentation and comparison, references to fiscal 1995 and fiscal 1996 are to the Company's fiscal years ended June 30, 1995 and June 30, 1996, respectively, references to the "Transition Period ended September 30, 1996" and the "Transition Period" are to the period from July 1, 1996 to September 30, 1996 and references to fiscal 1997 are to the Company's fiscal year ended September 30, 1997.

The Company

The Company is the leading value brand and the third largest domestic manufacturer of general batteries, and is the leading worldwide manufacturer of hearing aid batteries. The Company is also the leading domestic manufacturer of rechargeable household batteries and certain other specialty batteries, including lantern batteries. In addition, the Company is a leading marketer of heavy duty batteries and battery-powered lighting products and also markets rechargeable batteries for cellular phones and video camcorders. The Rayovac brand name was first used as a trademark for batteries in 1921 and is a well recognized name in the battery industry. The Company attributes the longevity and strength of its brand name to its high-quality products and to the success of its marketing and merchandising initiatives.

The Company has established its position as the leading value brand in the U.S. general alkaline battery market by focusing on the mass merchandiser channel. The Company achieved this position by (i) offering batteries with quality and performance substantially equivalent to batteries offered by its principal competitors at a lower price, (ii) emphasizing innovative in-store merchandising programs, and (iii) offering retailers attractive margins. The Company has established its position as the leader in various specialty battery niche markets through (i) continuous technological advances, (ii) creative distribution and marketing, and (iii) strong relationships with industry professionals and manufacturers. The Company sells and distributes its products in several channels, including mass merchandisers and warehouse clubs; food, drug and convenience stores; electronics specialty stores and department stores; hardware and automotive centers; specialty retailers; hearing aid professionals; and industrial and government/OEM. The Company markets all of its branded products under the Rayovac[RegTM] name and selected products under sub-brand names such as MAXIMUM[TM], Renewal[RegTM], Loud'n Clear[RegTM], ProLine[RegTM], Lifex[TM], Power Station[RegTM], Workhorse[RegTM], Roughneck[RegTM], Best Labs[RegTM], Ultracell[RegTM], XCell[RegTM] and AIRPOWER[RegTM].

Business Strategy

In September 1996, the Company and the shareholders of the Company completed the Recapitalization pursuant to which, among other things, affiliates of Thomas H. Lee Company acquired for cash approximately 80% of the outstanding Common Stock of Rayovac. David A. Jones was hired as Chief Executive Officer of the Company to implement a new business strategy focused on (i) reinvigorating the Rayovac brand name by raising consumer brand awareness through, among other things, focused marketing and advertising, (ii) growing Rayovac's market share by expanding distribution into new channels, increasing sales to under-penetrated channels and customers, launching new products, and selectively pursuing acquisitions and alliances, (iii) reducing costs by rationalizing manufacturing and distribution, better utilizing existing plant capacity, outsourcing products where appropriate, reducing working capital, and downsizing corporate overhead, and (iv) improving employee productivity by increasing training and education, upgrading information systems and implementing a pay-for-performance culture.

To implement its new strategy, the Company has undergone a significant transformation since the Recapitalization.

Strengthened Senior Management Team. In addition to Mr. Jones, experienced senior managers have been recruited to fill key positions: Kent J. Hussey, who joined the Company as Executive Vice President of Finance and Administration and Chief Financial Officer following the Recapitalization and was recently promoted to the position of President and Chief Operating Officer; Merrell M. Tomlin, Senior Vice President of Sales; Stephen P.

Shanesy, Executive Vice President and General Manager of General Batteries and Lights; and Randall J. Steward, Senior Vice President of Finance and Chief Financial Officer. The new senior managers have over 75 years of collective experience in the consumer products industry. In addition, the current management team includes several key members who served the Company prior to the Recapitalization, providing continuity and retaining significant battery industry expertise. After giving effect to the Offerings, the nine executive officers of the Company will beneficially own 10.2% of the outstanding Common Stock (without giving effect to the Underwriters' over-allotment options) on a fully diluted basis.

Restructured Operations. In March 1998, the Company announced restructuring plans for its domestic and international operations designed to maximize production and capacity efficiencies, reduce fixed costs, upgrade existing technology and equipment, and improve customer service. Major elements of the restructuring include (i) consolidating the Company's packaging operations, (ii) outsourcing manufacturing of heavy duty batteries, and (iii) closing certain of the Company's existing manufacturing, packaging and distribution facilities. The Company recorded a charge of $7.5 million in the second quarter of the current fiscal year in connection with the restructuring program and expects to record an additional $2.0 million of costs in subsequent periods. The Company currently anticipates annual aggregate cost savings of the restructuring program, after full implementation (currently expected in early 1999), to be approximately $5.0 million. The restructuring is in addition to prior actions taken by the Company following the Recapitalization to rationalize manufacturing and other costs, which the Company estimates have an annual aggregate cost savings of approximately $8.6 million. The Company believes that its current manufacturing capacity remains sufficient to meet its production requirements for the foreseeable future.

Reorganized Sales, Marketing and Administration by Distribution Channel. Rayovac has realigned its marketing department, sales organization, supply chain and support functions to better serve the diverse customer needs within major distribution channels. Customer-focused teams are now organized to serve the following distribution channels: mass merchandisers and warehouse clubs; food, drug and convenience stores; electronics specialty stores and department stores; hardware and automotive centers; specialty retailers; hearing aid professionals; and industrial and government/OEM. The Company believes that sales to under-penetrated channels should increase as the dedicated teams focus on implementing channel-specific marketing strategies, sales promotions and customer service initiatives.

Launched New Sales and Marketing Programs. Rayovac has developed and continues to implement broad new marketing initiatives designed to reinvigorate the Rayovac brand name. Major steps completed to date include (i) selecting Young & Rubicam as the Company's new advertising agency and developing its first major national advertising campaign for its full line of general batteries, (ii) launching a new and improved alkaline product line under the MAXIMUM[TM] sub-brand, (iii) redesigning all product graphics and packaging to convey a high-quality image and emphasize the Rayovac brand name, (iv) extending the Company's existing contract with Michael Jordan to include his representation for all Rayovac products, and (v) restructuring the Company's sales representative network along distribution channels.

Reorganized Information Systems. The Company has completed an initial overhaul of its information systems by (i) hiring an experienced Chief Information Officer, (ii) outsourcing mainframe computer operations, (iii) completing an enterprise software system analysis, and (iv) retaining outside consultants to upgrade its data processing and telecommunications infrastructure. The Company has purchased from SAP and begun implementing an enterprise-wide, integrated information system to upgrade its business operations, the majority of which is expected to be substantially completed by mid-1999. When fully implemented, this system, along with efforts by the Company's internal project team, is expected to reduce cycle times, lower manufacturing and administrative costs, improve both asset and employee productivity and substantially address the Year 2000 issue.

Growth Strategy

Rayovac believes it has significant growth opportunities in its businesses and has developed strategies to increase sales, profits and market share. Key elements of the Company's growth strategy are as follows:

Reinvigorate the Rayovac Brand Name. The Company is committed to reinvigorating the Rayovac brand name after many years of underdevelopment. The brand, originally introduced in 1921, has wide recognition in all markets where the Company competes, but has lower awareness than the more highly advertised Duracell and

Energizer brands. The Company has initiated an integrated advertising campaign using significantly higher levels of TV and print media. In 1997, the Company launched a reformulated alkaline battery, Rayovac MAXIMUM[TM], supported by new graphics, new packaging, a new advertising campaign, and aggressive introductory retail promotions. The Company's marketing and advertising initiatives are designed to increase awareness of the Rayovac brand and to increase retail sales by heightening customers' perceptions of the quality, performance and value of Rayovac products.

Leverage Value Brand Position. Rayovac believes it has a unique position in the general battery market as the value brand in an industry in which the leading three brands (Duracell, Energizer and Rayovac) account for approximately 90% of sales. The Company's strategy is to provide products of quality and performance equal to its major competitors in the general battery market at a lower price to appeal to a large segment of the population desiring a value brand. To demonstrate its value positioning, Rayovac offers comparable battery packages at a lower price or, in some cases, more batteries for the same price.

Expand Retail Distribution. Historically the Company had focused its sales and marketing efforts on the mass merchandiser channel which accounted for 44% of industry sales growth in the domestic alkaline battery market on a unit basis over the past five years and has achieved a 19% unit share. The Company believes its value brand positioned products and innovative merchandising programs also make it an attractive supplier to other retail channels, which represent a market of $1.7 billion or 69% of the general battery market. The Company has reorganized its marketing, sales, and sales representative organizations by channel in order to grow market share by (i) gaining new customers, (ii) penetrating existing customers with a larger assortment of products, (iii) offering a selection of products with high sell-through, and (iv) utilizing more aggressive and channel specific promotional programs. The Company believes that these initiatives have resulted in significant success over the past fiscal year in gaining access to new accounts and expanding product offerings to existing accounts and the Company intends to continue to pursue these strategies.

Further Capitalize on Worldwide Leadership in Hearing Aid Batteries. The Company seeks to increase its 52% worldwide market share in the hearing aid battery segment, as it has done consistently for the past 10 years, by leveraging its leading technology and dedicated sales and marketing organizations. Rayovac is the only hearing aid battery manufacturer to advertise its products and plans to continue to utilize Arnold Palmer as its spokesperson in its print media campaign. Rayovac also markets large multi-packs of hearing aid batteries which have rapidly gained consumer favor. In November 1997, the Company acquired Brisco GmbH in Germany and Brisco B.V. in Holland (collectively, "Brisco"). Brisco packages and distributes hearing aid batteries in customized packaging to hearing health care professionals in Germany and Holland as well as other European countries. In March 1998, the Company acquired the battery distribution portion of Best Labs in St. Petersburg, Florida, a distributor of hearing aid batteries in customized packaging and a manufacturer of hearing instruments. The Company believes that these acquisitions will enable the Company to further penetrate markets for hearing aid batteries.

Develop New Markets. The Company intends to expand its business into new markets for batteries and related products both domestically and internationally by developing new products internally or through selective acquisitions. These acquisitions may focus on expansion into new technologies, product lines or geographic markets and may be of significant size. In March 1998, the Company acquired the retail portion of the business of Direct Power Plus of New York (the business acquired being referred to herein as "DPP"), a full line marketer of rechargeable batteries and accessories for cellular phones and video camcorders. In conjunction with the acquisition of DPP, the Company has announced the launch of a new line of rechargeable batteries for cordless telephones. The Company may also pursue joint ventures or other strategic marketing opportunities where appropriate to expand its markets or product offerings. See "Risk Factors--Risks Associated with Future Acquisitions."

Introduce New Niche Products. The Company has developed leading positions in several important niche markets, including those for lantern batteries and lithium coin cells. The Company intends to continue selectively pursuing opportunities to exploit under-served niche markets and to enter high-growth specialty battery markets. In 1997, the Company entered the market for photo and keyless entry batteries and recently introduced a line of products to serve the medical instrument and health services markets. In the lighting products segment, where market share is driven by new product introductions, the Company is introducing a number of attractively designed new products over the next twelve months and intends to bring new products to the market in the future on a six-month cycle.

Reposition the Renewal Rechargeable Alkaline Battery. The Company's Renewal rechargeable battery is the only rechargeable alkaline battery in the U.S. market, commanding a 68% market share of the rechargeable household battery market through mass merchandisers, food and drug stores for the 52 weeks ended March 14, 1998. Since the Recapitalization, the Company has lowered the price of Renewal rechargers by 33% to encourage consumers to purchase the system and promoted Renewal's money-saving benefits. Renewal batteries present a value proposition to consumers because Renewal batteries can be recharged over 25 times, providing 10 times the energy of disposable alkaline batteries at only twice the retail price. In addition, alkaline rechargeables are superior to nickel cadmium rechargeables (the primary competing technology) because they provide more energy between charges, are sold fully charged, retain their charge longer and are environmentally safer. The Company has focused sales efforts for Renewal on distribution channels which the Company believes to be more suited for this product, such as electronics specialty stores, and has recently begun shipments to Radio Shack.

Recent Developments

Restructuring of Domestic and International Operations. In March 1998, the Company announced restructuring plans for its domestic and international operations designed to maximize production and capacity efficiencies, reduce fixed costs, upgrade existing technology and equipment and improve customer service. Major elements of the restructuring include (i) consolidating the Company's packaging operations at its Madison, Wisconsin plant, (ii) outsourcing the manufacture of heavy duty batteries, (iii) closing the Company's Appleton, Wisconsin plant and relocating the affected manufacturing operations for lithium batteries to the Company's Portage, Wisconsin facility, and (iv) closing the Company's Newton Aycliffe, United Kingdom packaging and distribution facility. The Company recorded a charge of $7.5 million in the second quarter of the current fiscal year in connection with the restructuring program and expects to record an additional $2.0 million of costs in subsequent periods. The Company anticipates annual aggregate cost savings of the restructuring program, after full implementation (currently expected in early 1999), to be approximately $5.0 million.

Sale of Idled Facility. In March 1998, the Company sold its Kinston, North Carolina facility and recorded a gain of $2.4 million in the second fiscal quarter.

Acquisitions. In November 1997, the Company acquired Brisco which packages and distributes hearing aid batteries in customized packaging to hearing health care professionals in Germany, Holland and several other European countries. Brisco had sales of $4.5 million in calendar year 1997. In March 1998, the Company acquired DPP, a full line marketer of rechargeable batteries and accessories for cellular phones and video camcorders, with retail sales of $14 million in calendar year 1997. Also in March 1998, the Company acquired the hearing aid battery distribution portion of Best Labs, a St. Petersburg, Florida distributor of hearing aid batteries and a manufacturer of hearing instruments. The battery distribution portion of Best Labs had net sales of $2.6 million in 1997.

Amended Credit Agreement. On December 30, 1997, the Company entered into an Amended and Restated Credit Agreement (the "Amended Credit Agreement") which includes a five-year reducing revolver facility of $90 million (the "Revolver Facility"), and a five-year amortizing acquisition facility of $70 million (the "Acquisition Facility"). The Revolver Facility is reduced by $10.0, $15.0 and $15.0 million, respectively, on December 31, 1999, 2000 and 2001, and expires on December 31, 2002. The Acquisition Facility provides up to $70.0 million in loans for qualifying acquisitions during a one-year commitment period expiring December 31, 1998. Debt obtained under the Acquisition Facility is subject to quarterly amortization commencing March 31, 1999 through December 31, 2002. As of March 28, 1998, $56.1 million was outstanding on the Revolver Facility, with approximately $5.8 million utilized for outstanding letters of credit, and $4.2 million was outstanding under the Acquisition Facility. See "Description of Certain Indebtedness."

Extension of Technology Agreement; New Manufacturing Line. In March 1998, the Company announced the extension of its existing alkaline battery technology agreement with Matsushita Battery Industrial Co., Ltd. of Japan ("Matsushita"), pursuant to which the Company is entitled to license Matsushita's highly advanced designs, technology and manufacturing equipment, including all developments and innovations thereto, through 2003. Thereafter, the Company is entitled to license such technology existing as of such date through 2023. The Company has also agreed to purchase from Matsushita a new high speed alkaline battery manufacturing production line for its Fennimore, Wisconsin plant and to source certain finished products, battery parts and material from Matsushita

to continue to supplement the Company's existing domestic production capacity. This new high speed manufacturing line is anticipated to increase capacity for production of AA size batteries by up to 50%.

Further Strengthening of Senior Management Team. In April 1998, the Company named Kent J. Hussey President and Chief Operating Officer of the Company. Previously Mr. Hussey served as Executive Vice President of Finance and Administration and Chief Financial Officer. The Company also at such time named Randall J. Steward, formerly Senior Vice President of Corporate Development, as Senior Vice President of Finance and Chief Financial Officer and Stephen P. Shanesy, formerly Senior Vice President of Marketing and the General Manager of General Batteries and Lights of the Company, as Executive Vice President and General Manager of General Batteries and Lights of the Company. In addition, David A. Jones, Chairman and Chief Executive Officer of the Company, and Kent J. Hussey signed three-year employment contracts effective until May 1, 2001.

The Offerings

The offering of 5,200,000 shares of the Company's Common Stock in the United States and Canada (the "U.S. Offering") and the offering of 1,300,000 shares of the Common Stock outside the United States and Canada (the "International Offering") are collectively referred to herein as the "Offerings."

Common Stock offered by the Selling Shareholders	6,500,000 shares
Common Stock to be outstanding after the Offerings(1)	27,441,266 shares
Use of proceeds	The Company will not receive any proceeds from the sale of Common Stock by the Selling Shareholders.
New York Stock Exchange symbol	"ROV"

- ----------------

(1) Excludes 5,259,099 shares of Common Stock reserved for sale or issuance under the Company's employee benefit plans, of which options to purchase 2,497,152 shares have been granted and 2,761,947 shares remain available for issuance or sale.

Industry Market Data

External market information in this Prospectus is provided by the Company, based on data licensed from A.C. Nielsen. The two primary sources of market data are Nielsen Scanner Data (obtained from checkout scanners in selected food stores, drug stores and mass merchandisers) and Nielsen Consumer Panel Data (obtained from a group of representative households selected by A.C. Nielsen equipped with in-home scanners). Except as set forth below, specific market share references are based on Nielsen Scanner Data. Specific hearing aid battery market share references are obtained from Nielsen Scanner Data, as supplemented by National Family Opinion Purchase Diary Data. Information regarding the size (in terms of both dollars and unit sales) of the total U.S. retail battery market is based upon Nielsen Scanner Data, as supplemented by Nielsen Consumer Panel Data. The Company has derived worldwide hearing aid market share data and specialty battery market share data based on data from the above noted sources, together with information relating to the Company's sales of hearing aid batteries in Europe, the Company's estimates of manufacturers' production levels of hearing aid products or other devices which utilize specialty batteries and market price data.

Other industry data used throughout this Prospectus has been obtained from a variety of industry surveys (including surveys forming a part of primary research studies conducted by the Company) and publications but has not been independently verified by the Company. The Company believes that information contained in such surveys and publications has been obtained from reliable sources, but there can be no assurance as to the accuracy and completeness of such information.

Unless otherwise indicated, all market share estimates are Company estimates based on the foregoing, are for the U.S. market and reflect units sold.

Risk Factors

Purchasers of Common Stock in the Offerings should carefully consider the risk factors set forth under the caption "Risk Factors" and the other information included in this Prospectus prior to making an investment decision. See "Risk Factors."

Forward-Looking Statements

This Prospectus contains certain forward-looking statements relating to, among other things, future results of operations, growth plans, sales, capital requirements and general industry and business conditions applicable to the Company. These forward-looking statements are based largely on the Company's current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from those implied by these forward-looking statements. Important factors to consider in evaluating such forward-looking statements include changes in external competitive market factors, changes in the Company's business strategy or an inability to execute its strategy due to unanticipated changes in the Company's industry or the economy in general and various competitive factors that may prevent the Company from competing successfully in existing or new markets. In light of these risks and uncertainties, many of which are described in further detail under the caption "Risk Factors," there can be no assurance that the forward-looking statements contained in this Prospectus will in fact be realized.

Established in 1906, the Company is a Wisconsin corporation with its principal executive offices at 601 Rayovac Drive, Madison, Wisconsin, 53711-2497. The Company's telephone number is (608) 275-3340.

SUMMARY FINANCIAL DATA

The following summary historical financial data for the two fiscal years ended June 30, 1996, the Transition Period ended September 30, 1996 and the fiscal year ended September 30, 1997 is derived from the audited consolidated financial statements of the Company, together with the notes thereto, included elsewhere in this Prospectus. The summary historical financial data for the six months ended March 29, 1997 and as of and for the six months ended March 28, 1998, included elsewhere in this Prospectus, and for the twelve months ended September 30, 1996, not included herein, is derived from the unaudited condensed consolidated financial statements of the Company and, in the opinion of management, includes all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of financial position and results of operations as of the date and for the period indicated. The summary historical financial data of the Company for the fiscal years ended June 30, 1993 and June 30, 1994 is derived from audited consolidated financial statements of the Company which are not included herein. The following summary financial data should be read in conjunction with the Company's consolidated financial statements and the related notes thereto and the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

This financial data, as well as all other financial data set forth herein, gives effect to the reclassification by the Company of certain promotional expenses, previously reported as a reduction of net sales, to selling expense, which policy was adopted as of September 30, 1997. The amounts which have been reclassified are $19.0 million, $17.5 million, $24.2 million, and $24.0 million for the fiscal years ended June 30, 1993, 1994, 1995, and 1996, respectively, $6.9 million for the Transition Period ended September 30, 1996, $24.1 million for the twelve months ended September 30, 1996, and $15.4 million for the six months ended March 29, 1997. The Company believes that this reclassification is consistent with the method used by other consumer products companies.

	Fiscal Year Ended June 30,				Transition Period Ended September 30, 1996	Twelve Months Ended September 30, 1996	Fiscal Year Ended September 30, 1997
	1993	1994	1995	1996			
						(In millions)	
Statement of Operations Data:							
Net sales	$ 372.4	$ 403.7	$ 415.2	$ 423.4	$ 101.9	$ 417.9	$ 432.6
Gross Profit	171.0	168.8	178.1	184.0	42.6	180.0	198.0
Income (loss) from operations (1)(2)(3)(4)	31.2	10.9	31.5	30.3	(23.7)	(1.4)	34.5
Interest expense	6.0	7.7	8.6	8.4	4.4	10.5	24.5
Net income (loss)(5)	15.0	4.4	16.4	14.3	(20.9)	(10.2)	6.2
Other Financial Data:							
Depreciation	$ 7.4	$ 10.3	$ 11.0	$ 11.9	$ 3.3	$ 12.1	$ 11.3
Capital expenditures(6)	30.3	12.5	16.9	6.6	1.2	8.4	10.9
Cash flows from operating activities	15.8	(18.7)	35.5	17.8	(1.1)	26.0	35.7
Cash flows from investing activities	(30.1)	(12.4)	(16.8)	(6.3)	0.0	(7.3)	(10.8)
Cash flows from financing activities	13.7	30.8	(18.3)	(12.0)	3.2	(16.8)	(28.0)
Income from operations before non-recurring charges (7)	31.2	21.9	31.5	30.3	4.7	27.0	37.5
EBITDA(8)	39.3	21.2	41.3	42.2	(20.4)	10.7	45.8

	Six Months Ended	
	March 29, 1997	March 28, 1998
Statement of Operations Data:		
Net sales	$ 225.6	$ 246.1
Gross Profit	99.4	118.2
Income (loss) from operations (1)(2)(3)(4)	14.7	20.1
Interest expense	13.4	8.3
Net income (loss)(5)	0.7	5.6
Other Financial Data:		
Depreciation	$ 5.9	$ 5.8
Capital expenditures(6)	2.6	6.7
Cash flows from operating activities	35.2	4.4
Cash flows from investing activities	(2.8)	(10.9)

Cash flows from financing activities	(27.5)	9.1
Income from operations before non-recurring charges (7)	19.4	24.1
EBITDA(8)	20.7	26.1

	March 28, 1998 (in millions)
Balance Sheet Data:	
Working capital	$ 55.3
Total assets	241.4
Total debt	129.5
Shareholders' equity	12.2

(footnotes on following page)

- ----------------

(1) Income from operations in fiscal 1994 was impacted by increased selling expenses due to higher advertising and promotion expenses related to the Renewal Introduction (as defined herein). In addition, income from operations was impacted by non-recurring costs of $9.5 million in connection with the Fennimore Expansion, including $8.4 million of increased cost of goods sold and $1.1 million of increased general and administrative expenses, and other special charges of approximately $1.5 million related to a plan to reduce the Company's cost structure and to improve productivity through an approximate 2.5% reduction in headcount on a worldwide basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Introduction."

(2) During the Transition Period, the Company recorded charges of $12.3 million directly related to the Recapitalization and other special charges of $16.1 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) In the fiscal year ended September 30, 1997, the Company recorded other special charges of $5.9 million offset by a special credit of $2.9 million which was related to the curtailment of the Company's defined benefit pension plan covering all domestic non-union employees. The special charges related to organizational restructuring in the United States, the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility and the discontinuation of operations at the Company's facility in Kinston, North Carolina.

(4) In the six months ended March 28, 1998, the Company recorded net charges of $4.0 million including (i) $1.7 million associated with consolidating domestic battery packaging operations and outsourcing the manufacture of heavy duty batteries, (ii) $2.0 million associated with closing the Company's Appleton, Wisconsin manufacturing plant and consolidating it into its Portage, Wisconsin manufacturing plant, (iii) $3.9 million associated with closing the Company's Newton Aycliffe, United Kingdom facility, phasing out direct distribution in the United Kingdom and closing one of the Company's German sales offices, (iv) a $2.4 million gain on the sale of the Company's previously closed Kingston, North Carolina facility, and (v) income of $1.2 million in connection with the buyout of deferred compensation agreements with certain former employees.

(5) The Recapitalization of the Company included repayment of certain outstanding indebtedness, including prepayment fees and penalties. Such prepayment fees and penalties of $2.4 million, net of income tax benefit of $0.8 million, has been recorded as an extraordinary item in the Combined Consolidated Statement of Operations for the Transition Period and the twelve months ended September 30, 1996. In the six months ended March 28, 1998, the Company recorded extraordinary expense of $2.0 million net of income taxes for the premium on the repurchase or redemption of the Notes from the proceeds of the IPO.

(6) From fiscal 1993 through fiscal 1995 the Company invested an aggregate of $32.7 million in connection with the Fennimore Expansion, including $19.7 million incurred in fiscal 1993. In addition, income from operations was impacted by non-recurring costs of $9.5 million in connection with the Fennimore Expansion, including $8.4 million of increased cost of goods sold and $1.1 million of increased general and administrative expenses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Introduction."

(7) Income (loss) from operations includes expenses incurred during the Fennimore Expansion (as defined herein) and the Recapitalization and other special charges in fiscal 1994, the Transition Period ended September 30, 1996, the fiscal year ended September 30, 1997 and the six months ended March 29, 1997 and March 28, 1998. Income from operations before these non-recurring charges was as follows:

	Fiscal Year Ended June 30,				Transition Period Ended	Twelve Months Ended	Fiscal Year Ended
	1993	1994	1995	1996	September 30, 1996	September 30, 1996	September 30, 1997
	(In millions)						
Income (loss) from operations	$ 31.2	$ 10.9	$ 31.5	$ 30.3	$ (23.7)	$ (1.4)	$ 34.5
Fennimore Expansion	--	9.5	--	--	--	--	--
Recapitalization and other special charges	--	1.5	--	--	28.4	28.4	3.0
Income from operations before non-recurring charges	$ 31.2	$ 21.9	$ 31.5	$ 30.3	$ 4.7	$ 27.0	$ 37.5

	Six Months Ended	
	March 29, 1997	March 28, 1998
	(In millions)	

Income (loss) from operations	$ 14.7	$ 20.1
Fennimore Expansion	--	--
Recapitalization and other special charges	4.7	4.0
Income from operations before non-recurring charges	$ 19.4	$ 24.1

(8) EBITDA represents income from operations plus depreciation and amortization (excluding amortization of debt issuance costs) and reflects an adjustment of income from operations to eliminate the establishment and subsequent reversal of two reserves ($0.7 million established in fiscal 1993 and reversed in fiscal 1995, and $0.5 million established in fiscal 1992 and reversed in fiscal 1995). The Company believes that EBITDA and related measures are commonly used by certain investors and analysts to analyze and compare, and provide useful information regarding, the Company's ability to service its indebtedness. However, the following factors should be considered in evaluating such measures: EBITDA and related measures (i) should not be considered in isolation, (ii) are not measures of performance calculated in accordance with generally accepted accounting principles ("GAAP"), (iii) should not be construed as alternatives or substitutes for income from operations, net income or cash flows from operating activities in analyzing the Company's operating performance, financial position or cash flows (in each case, as determined in accordance with GAAP) and (iv) should not be used as indicators of the Company's operating performance or measures of its liquidity. Additionally, because all companies do not calculate EBITDA and related measures in a uniform fashion, the calculations presented in this Prospectus may not be comparable to other similarly titled measures of other companies.

(footnote continued on following page)

EBITDA includes expenses incurred during the Fennimore Expansion (as defined herein) and the Recapitalization and other special charges in fiscal 1994, the Transition Period ended September 30, 1996, the fiscal year ended September 30, 1997 and the six months ended March 29, 1997 and March 28, 1998. EBITDA before these non-recurring charges was as follows:

	Fiscal Year Ended June 30,				Transition Period Ended September 30, 1996	Twelve Months Ended September 30, 1996	Fiscal Year Ended September 30, 1997
	1993	1994	1995	1996			
	(In millions)						
EBITDA	$ 39.3	$ 21.2	$ 41.3	$ 42.2	$ (20.4)	$ 10.7	$ 45.8
Fennimore Expansion	--	9.5	--	--	--	--	--
Recapitalization and other special charges	--	1.5	--	--	28.4	28.4	3.0
EBITDA before non-recurring charges	$ 39.3	$ 32.2	$ 41.3	$ 42.2	$ 8.0	$ 39.1	$ 48.8

	Six Months Ended	
	March 29, 1997	March 28, 1998
	(In millions)	
EBITDA	$ 20.7	$ 26.1
Fennimore Expansion	--	--
Recapitalization and other special charges	4.7	4.0
EBITDA before non-recurring charges	$ 25.4	$ 30.1

RISK FACTORS

Prospective investors should carefully consider all of the information set forth in this Prospectus, including the risk factors set forth below.

Competition

The industries in which the Company participates are very competitive. Competition is based upon brand name recognition, perceived quality, price, performance, product packaging and product innovation, as well as creative marketing, promotion and distribution strategies. In the U.S. battery industry, the Company competes primarily with two well established companies, Duracell International Inc. ("Duracell"), a subsidiary of The Gillette Company, and Eveready Battery Company, Inc., a subsidiary of Ralston Purina Company and producer of Energizer brand batteries ("Energizer"), each of which has substantially greater financial and other resources and greater overall market share than the Company. In addition, the Company believes that Duracell and Energizer may have lower costs of production and higher profit margins in certain key product lines than the Company. The Company competes with these competitors for the limited shelf space that retailers allot to battery products and for the promotional efforts of such retailers.

In February 1998, Duracell announced the introduction of a new line of alkaline batteries under the name Duracell Ultra in the AA and AAA size category which is being marketed as providing increased performance in certain high-tech devices, including cellular phones, digital cameras and palm-sized computers. Duracell has indicated that this new line of alkaline battery will begin shipping to retailers in May 1998. There can be no assurance that there will not be a reduction in purchases of the Company's products by consumers or certain key customers of the Company as a result of competition from this new alkaline battery line, which could have a material adverse effect on the Company's business, financial condition or results of operations.

Although foreign battery manufacturers historically have not been successful in penetrating the U.S. retail market to any significant extent, they have, from time to time, attempted to establish a significant presence in the U.S. battery market. There can be no assurance that these attempts will not be successful in the future or that the Company will be able to compete effectively with current or prospective participants in the U.S. battery industry. In addition, the battery-powered lighting device industry is highly competitive and includes a greater number of competitors than the U.S. battery industry, some of which have greater financial and other resources than the Company. See "Business--Competition."

Dependence on Key Customers

Wal-Mart Stores, Inc. ("Wal-Mart"), the Company's largest retailer customer, accounted for 20% of the Company's net sales in fiscal 1997. In addition, the Company's three largest retailer customers, including Wal-Mart, together accounted for 29% of the Company's net sales in fiscal 1997. The Company does not have long-term agreements with any of its major customers, and sales are generally made to them through the use of individual purchase orders, consistent with industry practice. There can be no assurance that there will not be a significant reduction in purchases by any of the Company's three largest retailer customers, which could have a material adverse effect on the Company's business, financial condition or results of operations. See "Business--Sales and Distribution."

Risks Associated with Future Acquisitions

An element of the Company's growth strategy is to pursue increased market penetration through strategic acquisitions, which could be of significant size and involve either domestic or international parties. The diversion of management attention required by the acquisition and integration of a separate organization, including integration of information systems, as well as other difficulties which may be encountered in the transition and integration process, including but not limited to the integration of Brisco, DPP and Best Labs, could have a material adverse effect on the revenue and operating results of the Company. There can be no assurance that the Company will identify suitable acquisition candidates, that acquisitions will be consummated on acceptable terms or that the Company will be able to successfully integrate the operations of any acquisition. In addition, the Company may incur additional indebtedness in connection with acquisitions, which might not be available on terms as favorable to the Company as current terms and which would increase the leveraged position of the Company. See "--Substantial Leverage." Further, acquisitions utilizing equity may be dilutive to shareholders.

Environmental Matters

The Company's facilities are subject to a broad range of federal, state, local and foreign laws and regulations relating to the environment, including those governing discharges to the air and water and land, the handling and disposal of solid and hazardous substances and wastes and the remediation of contamination associated with releases of hazardous substances at Company facilities and at off-site disposal locations. Risk of environmental liability is inherent in the Company's business, however, and there can be no assurance that material environmental costs will not arise in the future. In particular, the Company might incur capital and other costs to comply with increasingly stringent environmental laws and enforcement policies. Based on currently available information, the Company believes that it is substantially in compliance with applicable environmental regulations at its facilities, although no assurance can be provided with respect to such compliance in the future.

The Company has been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar state laws with respect to the past disposal of waste at the Refuse Hideaway Site in Middleton, Wisconsin. Such laws may impose liability on certain statutory classes of persons that are considered jointly and severally liable for the costs of investigation and remediation of contaminated properties, regardless of fault or the legality of the original disposal. These persons include the present or former owner or operator of a facility and companies that generated, disposed or arranged for the disposal of hazardous substances found at the facility. The Company presently estimates that its liability with respect to the Middleton, Wisconsin site should not exceed $100,000. The Company may be named as a PRP at additional sites in the future, and the costs associated with such additional or existing sites may be material. In addition, certain of the Company's battery manufacturing facilities have been in operation for decades and, over such time, the Company and other prior operators of such facilities have generated and disposed of wastes such as manganese, cadmium and mercury which are or may be considered hazardous. The Company has not conducted invasive testing to identify all potential risks, and given the age of the Company's facilities and the nature of the Company's operations, there can be no assurance that material liabilities will not arise in the future in connection with its current or former facilities. The discovery of previously unknown contamination of property underlying or in the vicinity of the Company's manufacturing facilities could require the Company to incur material unforeseen expenses. Occurrences of any such events may have a material adverse effect on the Company's financial condition.

In addition, the Company has applied to the Tennessee Department of Environment and Conservation ("TDEC") for participation in TDEC's Voluntary Cleanup Oversight and Assistance Program with respect to the Company's former manganese processing facility in Covington, Tennessee. Pursuant to this program, TDEC will conduct a site investigation to determine the extent of the cleanup required at the Covington facility, however, there can be no assurance that participation in this program will preclude this site from being added to the National Priorities List as a Superfund site. Groundwater monitoring at the site conducted pursuant to the post-closure maintenance of solid waste lagoons on site, and recent groundwater testing beneath former process areas on site, indicate that there are elevated levels of certain inorganic contaminants, particularly (but not exclusively) manganese, in the groundwater underneath the site. The Company cannot predict the outcome of TDEC's investigation of the site. See "Business--Environmental Matters."

The Company has been and is subject to several proceedings related to its disposal of industrial and hazardous material at off-site disposal locations under CERCLA or analogous state laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for the costs incurred in responding to the release or threatened release of hazardous substances from such sites. Except for the Velsicol Chemical and Morton International proceedings described below (as to which there is insufficient information to make a judgment as to their impact on the Company at this time), the Company does not believe that any of its pending CERCLA or analogous state matters, either individually or in the aggregate, will have a material impact on the Company's operations, financial condition or liquidity.

The Company has been named as a defendant in two lawsuits in connection with a Superfund site located in Bergen County, New Jersey (Velsicol Chemical Corporation, et al. v. A.E. Staley Manufacturing Company, et al., and Morton International, Inc. v. A.E. Staley Manufacturing Company, et al., United States District Court for the District of New Jersey, filed July 29, 1996). These lawsuits involve contamination at a former mercury processing facility and the watershed of a nearby creek (the "Bergen County Site"). The Company is one of approximately 50 defendants named in these lawsuits. The cost to remediate the Bergen County Site has not been determined and the Company cannot predict the outcome of these proceedings. See "Business--Environmental Matters."

Substantial Leverage

As of March 28, 1998, the Company had total indebtedness of $129.5 million and total shareholders' equity of $12.2 million. Subject to the restrictions contained in the Company's Amended Credit Agreement and the indenture (the "Indenture") relating to the Company's 10-1/4% Series B Senior Subordinated Notes due 2006 (the "Notes"), the Company may incur additional indebtedness from time to time to finance acquisitions or capital expenditures or for other corporate purposes. A significant portion of cash flow from operations must be dedicated to the payment of principal of and interest on the Company's indebtedness, thereby reducing the amount of funds available for working capital, capital expenditures and other purposes. The Company's ability to make scheduled payments on its outstanding indebtedness will depend on its future operating performance which, in turn, will be affected by prevailing economic conditions and financial, competitive, regulatory and similar factors. The Amended Credit Agreement and the Indenture impose operational and financial restrictions on the Company. See "Description of Certain Indebtedness." Although the Company believes that, based on current levels of operations, its cash flow from operations, together with external sources of liquidity, will be adequate to make required payments on its debt, whether at or prior to maturity, finance anticipated capital expenditures and fund working capital requirements, there can be no assurance in this regard.

Battery Technology

The battery industry generally involves continually evolving technology with individual advances typically resulting in modest increases in product life. There can be no assurance that, as existing battery products and technologies improve and new, more advanced products and technologies are introduced, the Company's products will be able to compete effectively in any of its targeted market segments. The development and successful introduction of new and enhanced products and other competing technologies that may outperform the Company's batteries and technological developments by competitors or consumer perceptions as to improved product offerings of competitors may have a material adverse effect on the Company's business, financial condition or results of operations, particularly in the context of the substantially greater resources of the Company's two principal competitors in the general battery market, Duracell and Energizer. See "-- Competition." Similarly, in those market segments where the Company's battery products currently have technological advantages there can be no assurance that the Company's products will maintain such advantages.

The general battery industry historically has sustained unit sales growth even as battery life has increased with innovation (largely due to expansion in the use of and the number of applications for batteries); however, there can be no assurance that continued enhancements of battery performance (including rechargeable battery performance) will not have an adverse effect on unit sales.

Risks of Foreign Sales; Exchange Rate Fluctuations

The Company's foreign sales and certain expenses are transacted in foreign currencies. In fiscal 1997, approximately 19% of the Company's revenues and 18% of the Company's expenses were denominated in currencies other than U.S. dollars. International operations and exports and imports to and from foreign markets are subject to a number of special risks including, but not limited to, risks with respect to currency exchange rates, economic and political destabilization, restrictive actions by foreign governments (e.g. duties and quotas and restrictions on transfer of funds), changes in United States and foreign laws regarding trade and investment and difficulty in obtaining distribution and support. Significant increases in the value of the U.S. dollar relative to certain foreign currencies could have a material adverse effect on the Company's results of operations. The Company generally hedges a portion of its foreign currency exposure and will, in the future, be vulnerable to the effects of currency exchange rate fluctuations. For a description of the Company's operations in different geographic areas, including the Company's sales, revenue and profit or loss and identifiable assets attributable to each of the Company's geographic areas, see Note 12 of Notes to Consolidated Financial Statements.

Raw Materials

The Company's principal raw material for the production of its battery products is zinc and the Company expects to spend approximately $7.5 million for zinc in fiscal 1998. Prices for zinc are subject to market forces beyond the control of the Company. The Company regularly engages in forward purchases and hedging transactions to effectively manage raw material costs and inventory relative to anticipated production requirements for the next six to twelve months. However, the Company's future profitability may be materially adversely affected by increased

zinc prices to the extent it is unable to pass on higher raw material costs to its customers. See Note 2.o. of Notes to Consolidated Financial Statements and Note 1 to the Unaudited Condensed Consolidated Financial Statements for the six months ended March 29, 1997 and March 28, 1998, included elsewhere herein.

Limited Intellectual Property Protection

The Company relies upon a combination of patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual covenants, to establish and protect its technology and other intellectual property rights. There can be no assurance that the steps taken by the Company or its licensors will be adequate to prevent misappropriation of their technology or other intellectual property or that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's or its licensors technology. Moreover, although the Company believes that its current products do not infringe upon the valid proprietary rights of others, there can be no assurance that third parties will not assert infringement claims against the Company or its licensors and that, in the event of an unfavorable ruling on any such claim, a license or similar agreement will be available to the Company on reasonable terms. Moreover, the laws of certain foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States.

Certain technology underlying the Company's rechargeable line of alkaline batteries is the subject of a non-exclusive license from a third party and could be made available to the Company's competitors. The licensing of that technology to a competitor could have an adverse effect on the Company's business, financial condition or results of operations. The Company does not believe, however, that this effect would be material to the Company because revenues from sales of the Company's rechargeable alkaline batteries and rechargers account for less than 10% of the Company's total revenues.

The Company does not have any right to the trademark "Rayovac" in Brazil, where the mark is owned by an independent third-party battery manufacturer. In addition, ROV Limited, a third party unaffiliated with the Company, has an exclusive, perpetual, royalty-free license for the use on general batteries (but not hearing aid or other specialty batteries) and lighting devices of the Rayovac trademark in a number of countries, including in Latin America. See "Business--Patents, Licenses and Trademarks."

Seasonality

Sales of the Company's products are seasonal, with the highest sales occurring in the fiscal quarter ending on or about December 31, during the holiday season. During the past four fiscal years, the Company's sales in the quarter ending on or about December 31 have represented an average of 33% of annual net sales. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Seasonality."

Control by Existing Shareholders

Upon completion of the Offerings, Thomas H. Lee Equity Fund III, L.P. ("THL Fund") and certain other affiliates of Thomas H. Lee Company ("THL Co."; the THL Fund and such other affiliates being referred to herein as "THL Group") will beneficially own 41.2% of the Company's outstanding Common Stock (38.4% if the Underwriters' over-allotment options are exercised in full). Consequently, THL Group will exercise significant control over the Company and in electing the board of directors of the Company (the "Board of Directors") and approving any action requiring shareholder approval, including the adoption of amendments to the Company's Amended and Restated Articles of Incorporation and the approval of mergers or sales of all or substantially all of the Company's assets. See "Principal and Selling Shareholders." The Company's ability to take certain of these actions is limited by certain terms of its outstanding indebtedness. See "Description of Certain Indebtedness."

Shares Eligible for Future Sale; Potential for Adverse Effect on Stock Price; Registration Rights

Sales of a substantial number of shares of Common Stock in the public market or the perception that such sales could occur could materially adversely affect prevailing market prices for the Common Stock. Upon completion of the Offerings, the Company will have outstanding 27,441,266 shares of Common Stock, excluding 2,497,152 shares of Common Stock which have been granted under the Company's stock incentive plans. Of these shares, the 7,827,507 shares of Common Stock previously sold in the Company's initial public offering of Common Stock in November 1997 (the "IPO") and the 6,500,000 shares of Common Stock to be sold in the Offerings will be freely tradable without restriction under the Securities Act of 1933, as amended (the "Securities Act"), except for any such shares which may be acquired by an "affiliate" of the Company. In connection with the Offerings,

the Selling Shareholders, certain existing shareholders, the Company, its executive officers and directors and the THL Group (holding an aggregate of approximately 13.5 million shares of Common Stock upon consummation of the Offerings) have agreed, subject to certain exceptions, not to dispose of any shares of Common Stock for a period of 90 days from the date of the Offerings (the "Lockup Period") without the consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") on behalf of the Underwriters. Upon expiration of the Lockup Period, substantially all of such shares will be eligible for sale in the public market subject to compliance with the volume limitations and other restrictions of Rule 144 under the Securities Act.

Following the consummation of the Offerings, the THL Group will hold approximately 11.3 million shares of Common Stock (without giving effect to the Underwriters' over-allotment options) and will be entitled to certain registration rights with respect to the registration of such shares under the Securities Act. Under the terms of a shareholders agreement between the Company and certain shareholders, dated as of September 12, 1996, as amended as of August 1, 1997 (the "Shareholders Agreement"), at any time when the THL Group and their permitted transferees own in the aggregate at least 10% of the shares acquired in the Recapitalization, the THL Group has the right to require the Company to file a registration statement under the Securities Act in order to register the sale of all or any part of its shares of Common Stock. These Offerings are made pursuant to the provisions of the Shareholders Agreement. Following these Offerings, the THL Group is entitled to demand that the Company register their shares of Common Stock on three occasions at the Company's expense; provided, however, that if the THL Group owns at least 10%, but not more than 25%, of the shares acquired in the Recapitalization, then the Company shall be obligated to effect only one such registration. Additionally, the THL Group and shareholders party to the Shareholders Agreement have the right, subject to certain limitations, to include their shares in certain offerings initiated by the Company whether for its own account or for other shareholders. The Company may in certain circumstances defer such registrations, and the underwriters with respect to such sale have the right, subject to certain limitations, to limit the number of shares included in such registrations. In the event that the Company proposes to register the sale of any of its securities under the Securities Act, the Company is required to promptly give such shareholders written notice no later than 10 days before the effective date of the registration statement, at which point such shareholders will have five days to make a written request of the Company to include their shares of Common Stock in such registration, subject to the underwriters' right to limit such shares and certain other limitations. In general, the Company is required to bear the expense of all such registrations except for transfer taxes. The sale of such shares could have an adverse effect on the Company's ability to raise equity capital in the public markets. The shares held by the THL Group are subject to the Lockup Period referred to in the preceding paragraph. See "Shares Eligible for Future Sale."

Anti-Takeover and Other Provisions of Wisconsin Law

Certain provisions of the Company's Amended and Restated Articles of Incorporation, the Amended and Restated By-laws (the "By-laws") and of Wisconsin corporation law may have the effect of discouraging, delaying or preventing a change in control of the Company or unsolicited acquisition proposals. In certain circumstances under provisions of Wisconsin law, shareholders may be liable for liabilities of the Company with respect to unpaid wages.

THE RECAPITALIZATION

Effective as of September 12, 1996, the Company, all of the shareholders of the Company, the THL Fund and other affiliates of THL Co. completed a recapitalization (the "Recapitalization") pursuant to which, among other things: (i) the Company obtained senior financing under a Credit Agreement dated as of September 12, 1996 by and among the Company, Bank of America National Trust and Savings Association and DLJ Capital Funding, Inc. (the "Credit Agreement") in an aggregate amount of $170.0 million, of which $131.0 million was borrowed at the closing of the Recapitalization, including $26.0 million under the Revolving Credit Facility; (ii) the Company obtained $100.0 million in financing through the issuance of bridge notes (the "Bridge Notes"); (iii) the Company redeemed a portion of the shares of Common Stock held by Thomas F. Pyle, Jr., the former President and Chief Executive Officer of the Company; (iv) the THL Group purchased for cash shares of Common Stock owned by shareholders of the Company (a group consisting of current and former directors and management of the Company and the Thomas Pyle and Judith Pyle Charitable Remainder Trust) which resulted in a change of control of the Company; and (v) the Company repaid certain of its outstanding indebtedness, including prepayment fees and penalties. The Bridge Notes were subsequently repaid with the proceeds of the sale of 10-1/4% Senior Subordinated Notes Due 2006 (the "Senior Subordinated Notes"), which were later exchanged for a like principal amount of the Notes.

USE OF PROCEEDS

The Company will not receive any proceeds from the sale of shares of Common Stock by the Selling Shareholders.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

The Company's Common Stock is listed on the New York Stock Exchange under the symbol "ROV." The Common Stock commenced public trading on November 21, 1997. On April 29, 1998, the outstanding shares of Common Stock were held of record by 285 shareholders based upon data provided by the transfer agent for the Common Stock. The following table sets forth the reported high and low prices per share of the Common Stock as reported on the New York Stock Exchange Composite Transaction Tape for the fiscal periods indicated:

Fiscal 1998	High	Low
Quarter ended December 27, 1997 (from November 21, 1997)	$17-3/4	$15-1/2
Quarter ended March 28, 1998	$24-1/2	$16-3/4
Current quarter (to May 11, 1998)	$24-1/2	$22

On May 11, 1998, the closing price of the Common Stock on the New York Stock Exchange Composite Transaction Tape was $22-3/4 per share.

The Company has not declared or paid and does not anticipate paying cash dividends in the foreseeable future, but intends to retain any future earnings for reinvestment in its business. In addition, the Amended Credit Agreement and the Notes restrict the Company's ability to pay dividends to its shareholders. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements, contractual restrictions and such other factors as the Board of Directors deems relevant.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of March 28, 1998. This table should be read in conjunction with the Company's consolidated financial statements and the related notes thereto and the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	As of March 28, 1998 (Dollars in millions)
Debt:	
Revolver Facility	$ 56.1
Acquisition Facility	4.2
Bankers' acceptances(1)	1.5
Notes	65.0
Capitalized leases and foreign currency borrowings	2.7
Total debt	129.5
Shareholders' equity:	
Preferred stock, $.01 par value, 5,000,000 shares authorized; no shares issued and outstanding	--
Common stock, $.01 par value, 150,000,000 shares authorized; 27,432,238 shares outstanding	0.6
Additional paid in capital	103.2
Foreign currency translation	2.3
Notes receivable from officers/shareholders	(1.4)
Retained earnings	36.9
Less stock held in trust	(1.0)
Less treasury stock, at cost, 29,440,269 shares	(128.4)
Total shareholders' equity	12.2
Total capitalization	$ 141.7

- ----------------

(1) In connection with the acquisition of DPP, the Company assumed $1.5 million of bankers' acceptances.

SELECTED FINANCIAL DATA

The following selected historical financial data as of and for the two fiscal years ended June 30, 1996, the Transition Period ended September 30, 1996 and the fiscal year ended September 30, 1997 is derived from the audited consolidated financial statements of the Company, together with the notes thereto, included elsewhere in this Prospectus. The selected historical financial data as of and for the six months ended March 29, 1997 and March 28, 1998, included elsewhere in this Prospectus, and as of and for the twelve months ended September 30, 1996, not included herein, is derived from the unaudited condensed consolidated financial statements of the Company and, in the opinion of management, includes all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of financial position and results of operations as of the date and for the period indicated. The selected historical financial data of the Company as of and for the two fiscal years ended June 30, 1993 and June 30, 1994 is derived from audited consolidated financial statements of the Company which are not included herein. The following selected financial data should be read in conjunction with the Company's consolidated financial statements and the related notes thereto and the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

This financial data, as well as all other financial data set forth herein, gives effect to the reclassification by the Company of certain promotional expenses, previously reported as a reduction of net sales, to selling expense, which policy was adopted as of September 30, 1997. The amounts which have been reclassified are $19.0 million, $17.5 million, $24.2 million, and $24.0 million for the fiscal years ended June 30, 1993, 1994, 1995, and 1996, respectively, $6.9 million for the Transition Period ended September 30, 1996, $24.1 million for the twelve months ended September 30, 1996, and $15.4 million for the six months ended March 29, 1997. The Company believes that this reclassification is consistent with the method used by other consumer products companies.

	Fiscal Year Ended June 30,				Transition Period Ended September 30, 1996	Twelve Months Ended September 30, 1996	Fiscal Year Ended September 30, 1997
	1993	1994	1995	1996			
	(In millions, except per share data)						
Statement of Operations Data:							
Net sales	$ 372.4	$ 403.7	$ 415.2	$ 423.4	$ 101.9	$ 417.9	$ 432.6
Cost of goods sold	201.4	234.9	237.1	239.4	59.3	237.9	234.6
Gross profit	171.0	168.8	178.1	184.0	42.6	180.0	198.0
Selling expense	98.8	121.3	108.7	116.5	27.8	114.4	122.1
General and administrative expense	35.4	29.4	32.9	31.8	8.6	33.0	32.2
Research and development expense	5.6	5.7	5.0	5.4	1.5	5.6	6.2
Recapitalization and other special charges(1)(2)(3)	--	1.5	--	--	28.4	28.4	3.0
Income (loss) from operations(4)(5)	31.2	10.9	31.5	30.3	(23.7)	(1.4)	34.5
Interest expense	6.0	7.7	8.6	8.4	4.4	10.5	24.5
Other expense (income), net	1.2	(0.6)	0.3	0.6	0.1	0.5	0.4
Income (loss) before income taxes and extraordinary item	24.0	3.8	22.6	21.3	(28.2)	(12.4)	9.6
Income tax expense (benefit)	9.0	(0.6)	6.2	7.0	(8.9)	(3.8)	3.4
Income (loss) before extraordinary item	15.0	4.4	16.4	14.3	(19.3)	(8.6)	6.2
Extraordinary item(6)	--	--	--	--	(1.6)	(1.6)	--
Net income (loss)	$ 15.0	$ 4.4	$ 16.4	$ 14.3	$ (20.9)	$ (10.2)	$ 6.2
Basic net income (loss) per common share before extraordinary item	$ 0.30	$ 0.09	$ 0.33	$ 0.29	$ (0.44)	$ (0.18)	$ 0.30
Diluted net income (loss) per common share before extraordinary item	$ 0.30	$ 0.09	$ 0.33	$ 0.29	$ (0.44)	$ (0.18)	$ 0.30
Basic net income (loss) per common share	$ 0.30	$ 0.09	$ 0.33	$ 0.29	$ (0.48)	$ (0.21)	$ 0.30
Diluted net income (loss) per common share	$ 0.30	$ 0.09	$ 0.33	$ 0.29	$ (0.48)	$ (0.21)	$ 0.30
Weighted average common shares	50.0	50.0	50.0	49.6	43.8	48.1	20.5
Weighted average common and common equivalent shares	50.0	50.0	50.0	49.6	43.8	48.1	20.6
Other Financial Data:							
Depreciation	$ 7.4	$ 10.3	$ 11.0	$ 11.9	$ 3.3	$ 12.1	$ 11.3
Capital expenditures(7)	30.3	12.5	16.9	6.6	1.2	8.4	10.9
Cash flows from operating activities	15.8	(18.7)	35.5	17.8	(1.1)	26.0	35.7
Cash flows from investing activities	(30.1)	(12.4)	(16.8)	(6.3)	0.0	(7.3)	(10.8)
Cash flows from financing activities	13.7	30.8	(18.3)	(12.0)	3.2	(16.8)	(28.0)
EBITDA(8)	39.3	21.2	41.3	42.2	(20.4)	10.7	45.8
Balance Sheet Data:							
Working capital	$ 31.6	$ 63.6	$ 55.9	$ 63.2	$ 64.6	$ 64.6	$ 33.8
Total assets	189.0	222.4	220.6	221.1	243.7	243.7	236.9
Total debt	74.1	109.0	88.3	81.3	233.7	233.7	207.3
Shareholders' equity (deficit)	36.7	37.9	53.6	61.6	(85.7)	(85.7)	(80.6)

	Six Months Ended	
	March 29, 1997	March 28, 1998
	(In millions, except per share data)	
Statement of Operations Data:		
Net sales	$ 225.6	$ 246.1
Cost of goods sold	126.2	127.9
Gross profit	99.4	118.2
Selling expense	61.3	73.7
General and administrative		

expense	15.3	17.4
Research and development expense	3.4	3.0
Recapitalization and other special charges(1)(2)(3)	4.7	4.0
	-------	-------
Income (loss) from operations(4)(5)	14.7	20.1
Interest expense	13.4	8.3
Other expense (income), net	0.3	(0.3)
	-------	--------
Income (loss) before income taxes and extraordinary item.......	1.0	12.1
Income tax expense (benefit)	0.3	4.5
	-------	--------
Income (loss) before extraordinary item	0.7	7.6
Extraordinary item(6)	--	2.0
	--------	--------
Net income (loss)	$ 0.7	$ 5.6
	========	========
Basic net income (loss) per common share before extraordinary item	$ 0.03	$ 0.30
	========	========
Diluted net income (loss) per common share before extraordinary item	$ 0.03	$ 0.28
	========	========
Basic net income (loss) per common share	$ 0.03	$ 0.22
	========	========
Diluted net income (loss) per common share	$ 0.03	$ 0.21
	========	========
Weighted average common shares	20.5	25.5
Weighted average common and common equivalent shares	20.5	27.0
Other Financial Data:		
Depreciation	$ 5.9	$ 5.8
Capital expenditures(7)	2.6	6.7
Cash flows from operating activities	35.2	4.4
Cash flows from investing activities	(2.8)	(10.9)
Cash flows from financing activities	(27.5)	9.1
EBITDA(8)	20.7	26.1
Balance Sheet Data:		
Working capital	$ 48.3	$ 55.3
Total assets	211.3	241.4
Total debt	206.5	129.5
Shareholders' equity (deficit)	(84.1)	12.2

(footnotes on following page)

- ------------

(1) During the Transition Period, the Company recorded charges of $12.3 million directly related to the Recapitalization and other special charges of $16.1 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) In the fiscal year ended September 30, 1997, the Company recorded other special charges of $5.9 million offset by a special credit of $2.9 million which was related to the curtailment of the Company's defined benefit pension plan covering all domestic non-union employees. The special charges related to organizational restructuring in the United States, the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility and the discontinuation of operations at the Company's facility in Kinston, North Carolina.

(3) In the six months ended March 28, 1998, the Company recorded net charges of $4.0 million including (i) $1.7 million associated with consolidating domestic battery packaging operations and outsourcing the manufacture of heavy duty batteries, (ii) $2.0 million associated with closing the Company's Appleton, Wisconsin manufacturing plant and consolidating it into its Portage, Wisconsin manufacturing plant, (iii) $3.9 million associated with closing the Company's Newton Aycliffe, United Kingdom facility, phasing out direct distribution in the United Kingdom and closing one of the Company's German sales offices, (iv) a $2.4 million gain on the sale of the Company's previously closed Kinston, North Carolina facility, and (v) income of $1.2 million in connection with the buyout of deferred compensation agreements with certain former employees.

(4) Income (loss) from operations includes expenses incurred during the Fennimore Expansion and the Recapitalization and other special charges in fiscal 1994, the Transition Period ended September 30, 1996, the fiscal year ended September 30, 1997 and the six months ended March 29, 1997 and March 28, 1998. Income from operations before these non-recurring charges was as follows:

	Fiscal Year Ended June 30,				Transition Period Ended	Twelve Months Ended	Fiscal Year Ended	Six Months Ended	
	1993	1994	1995	1996	September 30, 1996	September 30, 1996	September 30, 1997	March 29,1997	March 28, 1998
					(In millions)				
Income (loss) from operations	$ 31.2	$ 10.9	$ 31.5	$ 30.3	$ (23.7)	$ (1.4)	$ 34.5	$ 14.7	$ 20.1
Fennimore Expansion	--	9.5	--	--	--	--	--	--	--
Recapitalization and other special charges	--	1.5	--	--	28.4	28.4	3.0	4.7	4.0
Income from operations before non-recurring charges	$ 31.2	$ 21.9	$ 31.5	$ 30.3	$ 4.7	$ 27.0	$ 37.5	$ 19.4	$ 24.1

(5) Income from operations in fiscal 1994 was impacted by increased selling expenses due to higher advertising and promotion expenses related to the Renewal Introduction. In addition, income from operations was impacted by non-recurring costs of $9.5 million in connection with the Fennimore Expansion including $8.4 million of increased cost of goods sold and $1.1 million of increased general and administrative expenses, and other special charges of approximately $1.5 million related to a plan to reduce the Company's cost structure and to improve productivity through an approximate 2.5% reduction in headcount on a worldwide basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Introduction."

(6) The Recapitalization of the Company included repayment of certain outstanding indebtedness, including prepayment fees and penalties. Such prepayment fees and penalties of $2.4 million, net of income tax benefit of $0.8 million, has been recorded as an extraordinary item in the Consolidated Statement of Operations for the Transition Period ended September 30, 1996. In the six months ended March 28, 1998, the Company recorded extraordinary expense of $2.0 million net of income taxes for the premium on the repurchase or redemption of the senior term notes in connection with the IPO.

(7) From fiscal 1993 through fiscal 1995 the Company invested an aggregate of $32.7 million in connection with the Fennimore Expansion, including $19.7 million incurred in fiscal 1993. In addition, income from operations was impacted by non-recurring costs of $9.5 million in connection with the Fennimore Expansion including $8.4 million of increased cost of goods sold and $1.1 million of increased general and administrative expenses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Introduction."

(footnotes continued on following page)

- ------------

(8) EBITDA represents income from operations plus depreciation and amortization (excluding amortization of debt issuance costs) and reflects an adjustment of income from operations to eliminate the establishment and subsequent reversal of two reserves ($0.7 million established in fiscal 1993 and reversed in fiscal 1995, and $0.5 million established in fiscal 1992 and reversed in fiscal 1995). The Company believes that EBITDA and related measures are commonly used by certain investors and analysts to analyze and compare, and provide useful information regarding, the Company's ability to service its indebtedness. However, the following factors should be considered in evaluating such measures: EBITDA and related measures (i) should not be considered in isolation, (ii) are not measures of performance calculated in accordance with GAAP, (iii) should not be construed as alternatives or substitutes for income from operations, net income or cash flows from operating activities in analyzing the Company's operating performance, financial position or cash flows (in each case, as determined in accordance with GAAP) and (iv) should not be used as indicators of the Company's operating performance or measures of its liquidity. Additionally, because all companies do not calculate EBITDA and related measures in a uniform fashion, the calculations presented in this Prospectus may not be comparable to other similarly titled measures of other companies.

EBITDA includes expenses incurred during the Fennimore Expansion (as defined herein) and the Recapitalization and other special charges in fiscal 1994, the Transition Period ended September 30, 1996, the fiscal year ended September 30, 1997 and the six months ended March 29, 1997 and March 28, 1998. EBITDA before these non-recurring charges was as follows:

	Fiscal Year Ended June 30,				Transition Period Ended September 30, 1996	Twelve Months Ended September 30, 1996	Fiscal Year Ended September 30, 1997	Six Months Ended	
	1993	1994	1995	1996				March 29, 1997	March 28, 1998
					(In millions)				
EBITDA	$ 39.3	$ 21.2	$ 41.3	$ 42.2	$ (20.4)	$ 10.7	$ 45.8	$ 20.7	$ 26.1
Fennimore Expansion	--	9.5	--	--	--	--	--	--	--
Recapitalization and other special charges	--	1.5	--	--	28.4	28.4	3.0	4.7	4.0
EBITDA before non-recurring charges	$ 39.3	$ 32.2	$ 41.3	$ 42.2	$ 8.0	$ 39.1	$ 48.8	$ 25.4	$ 30.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Selected Financial Data" and the Company's consolidated financial statements and the related notes thereto, included elsewhere herein.

Introduction

Upon completion of the Recapitalization, the Company changed its fiscal year end from June 30 to September 30. For clarity of presentation and comparison, references herein to fiscal 1994, fiscal 1995 and fiscal 1996 are to the Company's fiscal years ended June 30, 1994, June 30, 1995 and June 30, 1996, respectively, and references to the "Transition Period ended September 30, 1996" and the "Transition Period" are to the period from July 1, 1996 to September 30, 1996. References to fiscal 1997 are to the Company's fiscal year ended September 30, 1997.

The Company's operating performance depends on a number of factors, the most important of which are (i) general retailing trends, especially in the mass merchandise segment of the retail market, (ii) the Company's overall product mix among various specialty and general household batteries and battery-powered lighting devices, which sell at different price points and profit margins, (iii) the Company's overall competitive position, which is affected by both the introduction of new products and promotions by the Company and its competitors and the Company's relative pricing and battery performance, and (iv) changes in operating expenses. Set forth below are specific developments that have affected and may continue to affect the Company's performance.

Restructuring of Operations and Other Cost Rationalization Initiatives. In March 1998, the Company announced restructuring plans for its domestic and international operations designed to maximize production and capacity efficiencies, reduce fixed costs, upgrade existing technology and equipment and improve customer service. Major elements of the restructuring include (i) consolidating the Company's packaging operations, (ii) outsourcing the manufacture of heavy duty batteries, and (iii) closing certain of the Company's existing manufacturing, packaging and distribution facilities. The Company recorded a charge of $7.5 million in the second quarter of the current fiscal year in connection with the restructuring program and expects to record an additional $2.0 million of costs in subsequent periods. The Company anticipates annual aggregate cost savings of the restructuring program, after full implementation (currently expected in early 1999), to be approximately $5.0 million.

The restructuring is in addition to prior actions taken by the Company following the Recapitalization to rationalize the Company's manufacturing, distribution and general overhead costs, which resulted in cash costs of approximately $6.3 million for fiscal 1996 and fiscal 1997 and which the Company estimates to have an annual savings of approximately $8.6 million.

Investment in Future Growth Opportunities. Since the Recapitalization, the Company has undertaken significant measures to pursue growth opportunities and increase the Company's market share for its products. These measures include (i) introducing the Company's existing hearing aid products into new markets, including through the acquisition of Brisco and Best Labs; (ii) broadening the Company's offering of specialty products, including through the acquisition of DPP; (iii) expanding distribution into new channels such as electronics specialty stores; (iv) further penetrating existing distribution channels such as warehouse clubs and food and convenience stores; and (v) evaluating opportunities for expansion of the Company's core business into international markets, whether through acquisitions, joint ventures or other strategic marketing opportunities. See "Business--Growth Strategy."

Expansion of Production Capacity. In March 1998, the Company agreed to purchase from Matsushita for $10.0 million a new high speed alkaline battery manufacturing production line for its Fennimore, Wisconsin plant, at which the Company manufactures all of its alkaline products. The Company estimates costs associated with the implementation of this new manufacturing line to be approximately $1.0 million. The new high speed manufacturing line is anticipated to increase the Company's production capacity for AA size batteries by up to 50%. The recent investment in manufacturing technology and production capacity follows the Fennimore Expansion (as defined herein), pursuant to which, from fiscal 1993 through fiscal 1995 the Company invested an aggregate of $32.7 million in the modernization and expansion of its production lines at its Fennimore plant (the "Fennimore Expansion"). As a result of the Fennimore Expansion, the Company replaced substantially all of its alkaline battery manufacturing equipment with state-of-the-art technology which more than doubled the Company's aggregate capacity for AA and AAA size alkaline batteries. This investment also resulted in a reformulation of the Company's alkaline batteries so as to be mercury-free, better performing and higher quality. The Fennimore Expansion resulted in $9.5 million of non-recurring costs in fiscal 1994. Such costs included increased raw material costs incurred pursuant to the terms

of equipment purchase agreements entered into in connection with the Fennimore Expansion which required the Company to source material from specified foreign vendors at an increased cost. These incremental costs decreased in fiscal 1996 as a result of the increased use of lower-cost domestic raw material sources to replace the foreign vendor sourcing, which replacement was substantially completed in fiscal 1997.

Effect of Recapitalization. The Recapitalization of the Company, which was completed on September 12, 1996, resulted in non-recurring charges of $12.3 million which were recognized in the Transition Period, including (i) $5.0 million of advisory, legal and consulting fees and (ii) $7.3 million of stock option compensation, severance payments and employment contract settlements for the benefit of certain current and former officers, directors and management of the Company. In connection with the Recapitalization, the Company incurred other non-recurring special charges of $16.1 million recognized in the Transition Period, including (i) $2.7 million of charges related to the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility; (ii) $1.7 million of charges for deferred compensation plan obligations to former officers of the Company resulting from the curtailment of the plan; (iii) $1.5 million of charges reflecting the present value of lease payments for land which new management determined would not be used for any future productive purpose; (iv) $5.6 million in costs and asset writedowns principally related to changes in pricing strategies for Power Station, the Renewal recharging system; and (v) $4.6 million of termination benefits and other charges. See "The Recapitalization."

Renewal Product Line. In fiscal 1994, the Company introduced the Renewal rechargeable battery, the first alkaline rechargeable battery sold in the United States (the "Renewal Introduction"). The Company incurred significant advertising and promotional expense related to Renewal of $26.0 million in fiscal 1994, $15.7 million in fiscal 1995 and $20.3 million in fiscal 1996, with the fiscal 1996 increase largely due to the Company's new promotional campaign featuring basketball superstar Michael Jordan.

Since the Recapitalization, the Company has significantly revised its marketing and advertising strategies for the Renewal product line. Management believes that continued improvement in consumer awareness of the value and money-saving benefits of Renewal over conventional disposable alkaline batteries will be necessary to further expand the Company's market for Renewal. Although the percentage of the Company's advertising budget allocated to the Renewal product line has decreased, the Company has begun aggressively marketing Renewal's money-saving benefit over disposable alkaline batteries and performance advantage over rechargeable nickel cadmium batteries and has lowered the prices of the recharger system for Renewal. In addition, the Company is focused on growing Renewal's market share by expanding distribution into new channels such as electronics specialty stores and other speciality retailers in the domestic market.

Seasonality

The Company's sales are seasonal, with the highest sales occurring in the fiscal quarter ending on or about December 31, during the holiday season and the lowest sales occurring in the fiscal quarter ending on or about March 30. During the past four completed fiscal years, the Company's sales in the quarter ended on or about December 31 have represented an average of 33% of annual net sales. As a result of this seasonality, the Company's working capital requirements and revolving credit borrowings are typically higher in the third and fourth calendar quarters of each year. The following table sets forth the Company's net sales for each of the periods presented.

	Fiscal Quarter Ended									
	December 30, 1995	March 30, 1996	June 30, 1996	September 30, 1996	December 28, 1996	March 29, 1997	June 29, 1997	September 30, 1997	December 27, 1997	March 28, 1998
	(In millions)									
Net sales	$ 140.9	$ 80.5	$ 94.6	$ 101.9	$ 141.9	$ 83.6	$ 95.5	$ 111.5	$ 150.0	$ 96.1

Results of Operations

This financial data, as well as all other data set forth herein, gives effect to the reclassification by the Company of certain promotional expenses, previously reported as a reduction of net sales, to selling expense, which policy was adopted as of September 30, 1997. The amounts which have been reclassified are $19.0 million, $17.5 million, $24.2 million and $24.0 million for the years ended June 30, 1993, 1994, 1995 and 1996, respectively, $6.7 million for the three months ended September 30, 1995, $6.9 million for the Transition Period ended September 30, 1996, $24.1 million for the twelve months ended September 30, 1996, and $15.4 million for the six months ended March

29, 1997. The Company believes that this reclassification is consistent with the method used by other consumer products companies.

The following table sets forth the percentage relationship of certain items in the Company's statement of operations to net sales for the periods presented:

	Fiscal Year Ended		Three Months Ended	Transition Period Ended	Twelve Months Ended	Fiscal Year Ended	Six Months Ended	
	June 30, 1995	June 30, 1996	September 30, 1995	September 30, 1996	September 30, 1996	September 30, 1997	March 29, 1997	March 28, 1998
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	57.1	56.5	59.7	58.2	56.9	54.2	55.9	52.0
Gross profit	42.9	43.5	40.3	41.8	43.1	45.8	44.1	48.0
Selling expense	26.2	27.5	27.9	27.3	27.4	28.2	27.2	29.9
General and administrative expense.......	7.9	7.5	6.9	8.4	7.9	7.5	6.8	7.1
Research and development expense	1.2	1.3	1.2	1.5	1.3	1.4	1.5	1.2
Recapitalization and other special charges	--	--	--	27.9	6.8	0.7	2.1	1.6
Income (loss) from operations	7.6%	7.2%	4.3%	(23.3%)	(0.3%)	8.0%	6.5%	8.2%

Six Months Ended March 28, 1998 Compared to Six Months Ended March 29, 1997

Net Sales. Net sales were $246.1 million for the six months ended March 28, 1998 (the "1998 Six Month Period"), an increase of $20.5 million, or 9.1%, from $225.6 million for the six months ended March 29, 1997 (the "1997 Six Month Period"). Increased sales of alkaline batteries, hearing aid batteries, and specialty batteries were somewhat offset by the continuing decline in the domestic market for heavy duty batteries.

Alkaline general battery sales for the 1998 Six Month Period exceeded alkaline general battery sales for the 1997 Six Month Period by approximately 26%, or $25.1 million, as a result of strong promotional programs, a price increase implemented in the summer of 1997, sales to new customers, and increased volume with existing customers, all of which increased market share.

Within specialty battery products, hearing aid battery sales increased approximately 9% due primarily to growth in the market and the November 1997 acquisition of Brisco. In addition, net sales in the 1998 Six Month Period included $2.2 million of specialty battery sales related to the DPP acquisition.

Gross Profit. Gross profit increased $18.8 million, or 18.9%, to $118.2 million for the 1998 Six Month Period, from $99.4 million for the 1997 Six Month Period, primarily as a result of increased sales of higher margin alkaline batteries and decreased sales of lower margin heavy duty batteries. Gross profit margins increased to 48.0% in the 1998 Six Month Period from 44.1% in the 1997 Six Month Period due primarily to the change in sales mix toward alkaline and away from heavy duty batteries, the alkaline price increase implemented in the summer of 1997, and alkaline manufacturing cost improvements.

Selling Expense. Selling expense increased $12.4 million, or 20.2%, to $73.7 million for the 1998 Six Month Period from $61.3 million for the 1997 Six Month Period. Selling expense as a percent of net sales increased to 29.9% in the 1998 Six Month Period from 27.2% in the 1997 Six Month Period. The increase in dollars and as a percent of sales was due primarily to increased advertising and promotional spending which resulted in the increased alkaline general battery sales. In addition, selling expense was lower during the 1997 Six Month Period while a new advertising agency and promotional strategies were under review.

General and Administrative Expense. General and administrative expense increased $2.1 million, or 13.7%, to $17.4 million for the 1998 Six Month Period from $15.3 million for the 1997 Six Month Period primarily as a result of higher costs associated with information system improvements worldwide and increased expenses associated with being a publicly held company.

Research and Development Expense. Research and development expense decreased $0.4 million to $3.0 million for the 1998 Six Month Period from $3.4 million for the 1997 Six Month Period primarily as a result of the increased resources assigned to the development of an on-the-label battery tester in 1997 which management decided not to implement.

Other Special Charges. In March 1998, the Company recorded net charges of $5.2 million including (i) a $1.7 million charge associated with consolidating domestic battery packaging operations and outsourcing the manufacture of heavy duty batteries, (ii) a $2.0 million charge associated with closing the Company's Appleton, Wisconsin manufacturing plant and consolidating it into its Portage, Wisconsin manufacturing plant, (iii) a $3.9 million charge associated with closing the Company's Newton Aycliffe, United Kingdom facility, phasing out direct distribution in the United Kingdom and closing one of the Company's German sales offices, and (iv) a $2.4 million gain on the sale of the Company's previously closed Kinston, North Carolina, facility. The Company expects to record an additional $2.0 million of costs in subsequent periods related to these restructuring and cost rationalization initiatives.

For the 1998 Six Month Period, the Company recorded net charges of $4.0 million. This includes the $5.2 million charge recorded in March offset by income of $1.2 million in connection with the buy-out of deferred compensation agreements with certain former employees recorded earlier in the fiscal year. For the 1997 Six Month Period, the Company recorded charges of $4.7 million for organizational restructuring in the U.S., the discontinuation of certain manufacturing operations in the United Kingdom, and the closing of its Kinston, North Carolina, facility. At September 30, 1997, the balance of these 1997 reserves was $1.9 million of which the Company expended $1.1 million in the 1998 Six Month Period and currently expects the balance to be expended by the end of fiscal 1998.

Income From Operations. Income from operations increased $5.4 million, or 36.7%, to $20.1 million from $14.7 million for the 1997 Six Month Period. This increase was due primarily to increased sales and gross profit offset by increased selling and general and administrative expense. Income from operations before special charges increased $4.7 million, or 24.2%, to $24.1 million from $19.4 million for the 1997 Six Month Period. As a percentage of sales income from operations for the 1998 Six Month Period increased to 8.2% from 6.5% for the 1997 Six Month Period.

Interest Expense. Interest expense decreased $5.1 million, or 38.1%, to $8.3 million for the 1998 Six Month Period from $13.4 million for the 1997 Six Month Period. This decrease was primarily as a result of decreased indebtedness due to the application of proceeds of the Company's IPO in November 1997. In addition to the effects of the IPO on the 1998 Six Month Period, the 1997 Six Month Period interest expense included a $2.0 million write-off of unamortized debt issuance costs.

Other Expense (Income). For the 1998 Six Month Period, interest income and foreign exchange gain totaled $(0.4) million compared to $0.3 million of net expense in the 1997 Six Month Period, attributed to foreign exchange losses somewhat offset by interest income.

Income Tax Expense. The Company's effective tax rate was 37.7% for the 1998 Six Month Period, compared to 31.9% for the 1997 Six Month Period. This more favorable tax rate in 1997 was due primarily to the Company's Foreign Sales Corporation ("FSC") benefiting 1997 more than 1998.

Extraordinary Item. In the 1998 Six Month Period, the Company recorded extraordinary expense of $2.0 million net of income taxes for the premium payment on the redemption of a portion of the Company's Senior Subordinated Notes.

Net Income. For the 1998 Six Month Period, net income was $5.6 million compared to $0.7 million in the 1997 Six Month Period.

Fiscal Year Ended September 30, 1997 Compared to Twelve Months Ended September 30, 1996

Net Sales. The Company's net sales increased $14.7 million, or 3.5%, to $432.6 million in fiscal 1997 from $417.9 million in the twelve months ended September 30, 1996, primarily due to higher sales of alkaline batteries and lithium batteries, offset in part by decreases in sales of heavy duty batteries, lantern batteries and Renewal rechargeables. In the last quarter of fiscal 1997, net sales increased $9.6 million, or 9.4%, to $111.5 million from $101.9 million in the Transition Period, primarily due to higher sales of alkaline batteries attributed to the introduction of a 4% price increase on alkaline batteries in the U.S. phased in beginning May 1997, significant promotional programs, and sales to new accounts.

Sales of alkaline batteries increased as a result of the launch of a new integrated advertising campaign emphasizing the alkaline brand, new product graphics and packaging (designed to build brand awareness and the

Company's value brand position), and strong promotional programs in the Company's fourth fiscal quarter. The Company also gained significant new distribution on the strength of this program.

Lithium sales increased primarily due to increased sales of computer clock and memory back-up batteries to Compaq Computers and SGS Thomson, two of the Company's larger OEM (Original Equipment Manufacturers) customers.

Sales of heavy duty and lantern batteries decreased primarily due to declines in the market as consumers move toward alkaline batteries away from heavy duty batteries. Lantern battery volume was also adversely impacted by the migration to reflective tape in place of flashing lights on construction barricades.

Hearing aid battery sales increased as a result of continued growth in the overall hearing aid battery market. The Company's market leadership position in this product line has resulted in new distribution gains in the retail channel, the fastest growing channel for hearing aid batteries as consumers shift their purchases toward this channel.

Net sales of lighting products increased slightly over the prior twelve months due primarily to growth in key mass merchandiser accounts and wholesale clubs.

Dollar sales of Renewal rechargeables were down approximately 12% due primarily to the Company's decision to decrease prices of the chargers by 33% in the first quarter of fiscal 1997 to reposition the product and encourage consumers to purchase the system. Unit sales of chargers and batteries combined were approximately 7% higher than the prior twelve months.

Gross Profit. Gross profit increased $18.0 million, or 10.0%, to $198.0 million in fiscal 1997 from $180.0 million for the twelve months ended September 30, 1996. Gross profit as a percentage of net sales increased to 45.8% in fiscal 1997 from 43.1% in the prior twelve months. These increases are attributed to increased sales of higher margin alkaline batteries, the introduction of a 4% price increase on alkaline batteries in the U.S. phased in beginning May 1997, and lower manufacturing costs as a result of cost rationalization initiatives. Gross profit increased $12.7 million, or 29.8%, to $55.3 million in the three months ended September 30, 1997 from $42.6 million in the Transition Period, for these same reasons.

Selling Expense. Selling expense increased $7.7 million, or 6.7%, to $122.1 million in fiscal 1997 from $114.4 million in the twelve months ended September 30, 1996 due primarily to increased marketing expense to support the launch of the Company's new graphics and packaging and increased consumer promotions on the old graphics and packaging to help retailers promote this product. These increases were partially offset by reduced advertising expense while the Company developed its new advertising program. Selling expense increased as a percentage of net sales to 28.2% in fiscal 1997 from 27.4% in the prior twelve months because of increased marketing expenses.

General and Administrative Expense. General and administrative expense decreased $0.8 million, or 2.4%, to $32.2 million in fiscal 1997 from $33.0 million in the twelve months ended September 30, 1996 due in part to cost rationalization initiatives which included the elimination of the use of a corporate aircraft. These decreases were partially offset by the expense related to a new management incentive program implemented for fiscal 1997. There were no management incentives earned during the twelve months ended September 30, 1996. As a percentage of net sales, general and administrative expense decreased to 7.5% in fiscal 1997 from 7.9% in the prior twelve months.

Research and Development Expense. Research and development expense increased $0.6 million, or 10.7%, to $6.2 million for fiscal 1997 from $5.6 million for the twelve months ended September 30, 1996 due primarily to the development of an on-the-label battery tester which the Company decided not to introduce.

Recapitalization and Other Special Charges. During fiscal 1997, the Company recorded special charges of $3.0 million compared to $28.4 million recorded in the twelve months ended September 30, 1996 as discussed above under "Effect of Recapitalization." The current year amount represents the net charges for organizational restructuring in the United States, the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility and the discontinuation of certain manufacturing operations at the Company's facility in Kinston, North Carolina partially offset by a credit of $2.9 million related to the curtailment of the Company's defined benefit pension plan covering all domestic non-union employees.

Income from Operations. Income from operations increased $35.9 million to $34.5 million in fiscal 1997 from a loss of $(1.4) million for the twelve months ended September 30, 1996. The Company's Recapitalization and other special charges decrease of $25.4 million in combination with increased gross profits were partially offset by increased operating expenses related to the new marketing and advertising programs discussed above.

Interest Expense. Interest expense increased $14.0 million to $24.5 million in fiscal 1997 from $10.5 million in the prior twelve months due primarily to increased indebtedness associated with the Recapitalization and a write-off of $2.0 million of unamortized debt issuance costs related to the Bridge Notes the Company issued in September 1996 which were refinanced in fiscal 1997.

Net Income. Net income increased $16.4 million to $6.2 million in fiscal 1997 from a net loss of $(10.2) million in the twelve months ended September 30, 1996 primarily due to increased income from operations as discussed above partially offset by increased interest expense due to the Recapitalization. The Company's effective tax rate for fiscal 1997 was 35.6% compared to an effective tax benefit rate of 31.0% for the prior twelve months due primarily to some of the Recapitalization expenses in the prior twelve months being non-tax deductible and the tax benefits of Rayovac International Corporation, a domestic international sales corporation ("DISC") owned by the shareholders in the prior twelve months. The DISC was terminated in August 1996 and replaced with Rayovac Foreign Sales Corporation, a foreign sales corporation, in fiscal 1997 which generated fewer tax benefits in fiscal 1997.

Net income for the prior twelve months also decreased $1.6 million resulting from an extraordinary loss on the early retirement of debt related to the Recapitalization.

Fiscal Year Ended September 30, 1997 Compared to Transition Period Ended September 30, 1996

Results of operations for fiscal 1997 include amounts for a twelve-month period, while results for the Transition Period include amounts for a three-month period. Results (in terms of dollars) for these periods are not directly comparable. Accordingly, management's discussion and analysis for these periods is generally based upon a comparison of specified results as a percentage of net sales.

Net Sales. The Company's net sales increased $330.7 million to $432.6 million in fiscal 1997 from $101.9 million in the Transition Period due primarily to fiscal 1997 including twelve months compared to three months in the Transition Period. Sales during the Transition Period were unfavorably impacted by the diversion of management attention and other Company resources on matters associated with the pending Recapitalization.

Gross Profit. Gross profit increased $155.4 million to $198.0 million in fiscal 1997 from $42.6 million in the Transition Period. As a percentage of net sales, gross profit increased to 45.8% in fiscal 1997 from 41.8% in the Transition Period due to selling more higher margin products like alkaline and hearing aid batteries in fiscal 1997, the alkaline price increase discussed above, and lower manufacturing costs attributed to cost rationalization initiatives.

Selling Expense. Selling expense increased $94.3 million to $122.1 million in fiscal 1997 from $27.8 million in the Transition Period. As a percentage of net sales, selling expense increased to 28.2% in fiscal 1997 from 27.3% in the Transition Period due to increased promotional spending to support the new alkaline battery graphics and packaging, the new advertising program to build brand awareness and increased spending to gain new distribution.

General and Administrative Expense. General and administrative expense increased $23.6 million to $32.2 million in fiscal 1997 from $8.6 million in the Transition Period. As a percentage of net sales, general and administrative expense decreased to 7.5% in fiscal 1997 from 8.4% in the Transition Period attributed to the effects of cost rationalization initiatives.

Research and Development Expense. Research and development expense increased $4.7 million to $6.2 million in fiscal 1997 from $1.5 million in the Transition Period. As a percentage of net sales, research and development expense decreased slightly to 1.4% in fiscal 1997 from 1.5% in the Transition Period due primarily to the effects of the cost rationalization initiatives.

Recapitalization and Other Special Charges. Recapitalization and other special charges decreased by $25.4 million, or 89.4%, to $3.0 million in fiscal 1997 from $28.4 million in the Transition Period which is explained above in the discussion of fiscal 1997 compared to the twelve months ended September 30, 1996.

Income (loss) from Operations. Income (loss) from operations increased $58.2 million to $34.5 million in fiscal 1997 from $(23.7) million in the Transition Period. As a percentage of net sales, income (loss) from operations increased to 8.0% in fiscal 1997 from (23.3)% in the Transition Period for the reasons discussed above.

Net Income (loss). Net income (loss) for fiscal 1997 increased $27.1 million to $6.2 million from $(20.9) million in the Transition Period. As a percentage of net sales, net income (loss) increased to 1.4% in fiscal 1997 from (20.5)% in the Transition Period primarily due to significant Recapitalization and other special charges in the Transition Period. In addition, an extraordinary loss on the early retirement of debt decreased net income in the Transition Period by $1.6 million, net of income taxes. The effective tax rate for fiscal 1997 was 35.6% compared to 31.6% in the Transition Period due primarily to some of the Recapitalization expenses being non-tax deductible in the Transition Period.

Transition Period Ended September 30, 1996 Compared to Three Months Ended September 30, 1995

Net Sales. The Company's net sales decreased $5.4 million, or 5.0%, to $101.9 million in the Transition Period from $107.3 million in the three months ended September 30, 1995 (the "Prior Fiscal Year Period") primarily due to decreased sales to the food and drug store retail channels and the Company having made sales to certain retail customers in connection with promotional orders after the Transition Period which were made during the Prior Fiscal Year Period.

Gross Profit. Gross profit decreased $0.6 million, or 1.4%, to $42.6 million in the Transition Period from $43.2 million in the Prior Fiscal Year Period, primarily as a result of decreased sales in the Transition Period, as discussed above. Gross profit increased as a percentage of net sales to 41.8% in the Transition Period from 40.3% in the Prior Fiscal Year Period due primarily to a lower proportion of promotion sales as discussed above.

Selling Expense. Selling expense decreased $2.1 million, or 7.0%, to $27.8 million in the Transition Period from $29.9 million in the Prior Fiscal Year Period, primarily due to decreased advertising expense in the Transition Period.

General and Administrative Expense. General and administrative expense increased $1.2 million, or 16.2%, to $8.6 million in the Transition Period from $7.4 million in the Prior Fiscal Year Period, primarily as a result of the Company having incurred certain expenditures during the Transition Period which were incurred subsequent to the Prior Fiscal Year Period.

Research and Development Expense. Research and development expense increased $0.2 million, or 15.4%, to $1.5 million in the Transition Period from $1.3 million in the Prior Fiscal Year Period, primarily as a result of increased product development efforts.

Recapitalization and Other Special Charges. During the Transition Period, the Company recorded charges of $28.4 million, including non-recurring charges related to the Recapitalization and other special charges.

Non-recurring charges of $12.3 million related to the Recapitalization include (i) $5.0 million of advisory, legal and consulting fees and (ii) $7.3 million of stock option compensation, severance payments and employment contract settlements for the benefit of certain present and former officers, directors and management of the Company.

Other special charges of $16.1 million include (i) $2.7 million of charges related to the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility; (ii) $1.7 million of charges for deferred compensation plan obligations to former officers of the Company resulting from the curtailment of the plan; (iii) $1.5 million of charges reflecting the present value of lease payments for land which new management determined would not be used for any future productive purpose; (iv) $5.6 million in costs and asset writedowns principally related to changes in Renewal Power Station pricing strategies adopted by new management subsequent to the Recapitalization and prior to September 30, 1996; and (v) $4.6 million of termination benefits and other charges.

Income (loss) from Operations. Income (loss) from operations decreased $28.3 million to $(23.7) million in the Transition Period from $4.6 million in the Prior Fiscal Year Period for the reasons discussed above.

Net Income (loss). Net income (loss) for the Transition Period decreased $22.3 million to $(20.9) million from $1.4 million in the Prior Fiscal Year Period, primarily because of non-recurring charges related to the Recapitalization and other special charges discussed above. In addition, amortization of deferred finance charges

related to the Bridge Notes and an extraordinary loss on the early retirement of debt decreased net income in the Transition Period by $2.6 million, net of income taxes.

Transition Period Ended September 30, 1996 Compared to Fiscal Year Ended June 30, 1996

Results of operations for the Transition Period Ended September 30, 1996 include amounts for a three-month period, while results for the fiscal year ended June 30, 1996 include amounts for a twelve-month period. Results (in terms of dollar amounts) for these periods are not directly comparable. Accordingly, management's discussion and analysis for these periods is generally based upon a comparison of specified results as a percentage of net sales.

Net Sales. The Company's net sales decreased $321.5 million, or 75.9%, to $101.9 million in the Transition Period from $423.4 million in fiscal 1996 because the Transition Period included only three months of net sales as compared to twelve months in fiscal 1996. Overall pricing was relatively constant between the two periods.

Gross Profit. Gross profit decreased $141.4 million, or 76.8%, to $42.6 million in the Transition Period from $184.0 million in fiscal 1996. As a percentage of net sales, gross profit decreased to 41.8% in the Transition Period from 43.5% in fiscal 1996, primarily because the products sold during the Transition Period carried a higher average unit cost than the overall average unit cost of products sold in fiscal 1996 due to seasonal sales trends.

Selling Expense. Selling expense decreased $88.7 million, or 76.1%, to $27.8 million in the Transition Period from $116.5 million in fiscal 1996. As a percentage of net sales, selling expenses decreased to 27.3% in the Transition Period from 27.5% in fiscal 1996, primarily as a result of decreased advertising expense in the Transition Period.

General and Administrative Expense. General and administrative expense decreased $23.2 million, or 73.0%, to $8.6 million in the Transition Period from $31.8 million in fiscal 1996. As a percentage of net sales, general and administrative expense increased to 8.4% in the Transition Period from 7.5% in fiscal 1996, primarily as a result of the effects of seasonal sales trends in the Transition Period.

Research and Development Expense. Research and development expense decreased $3.9 million, or 72.2%, to $1.5 million in the Transition Period from $5.4 million in fiscal 1996. As a percentage of net sales, research and development expense increased to 1.5% in the Transition Period from 1.3% in fiscal 1996, primarily as a result of increased support for ongoing product development efforts.

Recapitalization and Other Special Charges. During the Transition Period ended September 30, 1996, the Company recorded charges totaling $28.4 million, including non-recurring charges related to the Recapitalization and other special charges. Non-recurring charges of $12.3 million related to the Recapitalization include (i) $5.0 million of advisory, legal and consulting fees and (ii) $7.3 million of stock option compensation, severance payments and employment contract settlements for the benefit of certain present and former officers, directors and management of the Company.

Other special charges of $16.1 million include (i) $2.7 million of charges related to the discontinuation of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom facility; (ii) $1.7 million of charges for deferred compensation plan obligations to former officers of the Company resulting from the curtailment of the plan; (iii) $1.5 million of charges reflecting the present value of lease payments for land which new management determined would not be used for any future productive purpose; (iv) $5.6 million in costs and asset writedowns principally related to changes in Renewal Power Station pricing strategies adopted by new management subsequent to the Recapitalization and prior to September 30, 1996; and (v) $4.6 million of termination benefits and other charges.

Income (loss) from Operations. Income (loss) from operations decreased $54.0 million, or 178.2%, to $(23.7) million in the Transition Period from $30.3 million in fiscal 1996. As a percentage of net sales, income (loss) from operations decreased to (23.3)% in the Transition Period from 7.2% in fiscal 1996 for the reasons discussed above.

Net Income (loss). Net income (loss) decreased $35.2 million, or 246.2%, to $(20.9) million for the Transition Period from $14.3 million in fiscal 1996. As a percentage of net sales, net income (loss) decreased to (20.5)% in the Transition Period from 3.4% in fiscal 1996, primarily because of non-recurring charges related to the Recapitalization and other special charges discussed above. In addition, amortization of deferred finance charges related to the Bridge Notes and an extraordinary loss on the early retirement of debt decreased net income in the Transition Period by $2.6 million, net of income taxes.

Fiscal Year Ended June 30, 1996 Compared to Fiscal Year Ended June 30, 1995

Net Sales. The Company's net sales increased $8.2 million, or 2.0%, to $423.4 million in fiscal 1996 from $415.2 million in fiscal 1995, primarily due to higher unit sales of hearing aid batteries, Renewal rechargeable batteries and alkaline batteries, offset in part by decreases in unit sales of heavy duty and lantern batteries. Overall pricing was relatively constant between the two periods. Sales of hearing aid batteries increased as a result of unit sales growth in the overall hearing aid battery market as well as increased penetration by the Company's Loud'n Clear line of hearing aid batteries and the introduction of a new miniature size battery, used in hearing aids that fit completely in the ear. Unit sales of Renewal rechargeable alkaline batteries increased as a result of increased consumer awareness of the benefits of Renewal over nickel-cadmium household rechargeable batteries and disposable batteries and as replacement sales increased to retailers who had sold through their high levels of fiscal 1995 Renewal inventory. The Company's unit sales of alkaline batteries increased as the Company participated to a certain extent in the continued overall growth in the market for alkaline batteries. Unit sales of heavy duty batteries decreased due to the continued worldwide migration away from heavy duty batteries and toward alkaline batteries while unit sales of lantern batteries also decreased due to an overall decline in the lantern battery market.

Gross Profit. Gross profit increased $5.9 million, or 3.3%, to $184.0 million in fiscal 1996 from $178.1 million in fiscal 1995. Gross profit increased as a percentage of net sales to 43.5% in fiscal 1996 from 42.9% in fiscal 1995. These increases are primarily attributable to increased sales of higher margin products such as Renewal rechargeable batteries and hearing aid batteries. In addition, the Company experienced manufacturing cost improvements, particularly for alkaline battery raw materials related to the Fennimore Expansion as discussed above.

Selling Expense. Selling expense increased $7.8 million, or 7.2%, to $116.5 million in fiscal 1996 from $108.7 million in fiscal 1995. Selling expense as a percentage of net sales increased to 27.5% in 1996 from 26.2% in 1995. These increases are primarily attributable to increased advertising costs to promote the Renewal product line as discussed above.

General and Administrative Expense. General and administrative expense decreased $1.1 million, or 3.3%, to $31.8 million in fiscal 1996 from $32.9 million in fiscal 1995. General and administrative expense as a percentage of net sales decreased from 7.9% in fiscal 1995 to 7.5% in fiscal 1996. These decreases occurred primarily because the $4.0 million payment of management incentives in 1995 was not repeated in fiscal 1996.

Research and Development Expense. Research and development expense increased $0.4 million, or 8.0%, to $5.4 million in fiscal 1996 from $5.0 million in fiscal 1995 as a result of continued support for ongoing product development efforts.

Income from Operations. Income from operations decreased $1.2 million, or 3.8%, to $30.3 million, or 7.2% of net sales in fiscal 1996, from $31.5 million, or 7.6% of net sales, in fiscal 1995 for the reasons discussed above.

Net Income. Net income decreased $2.1 million, or 12.8%, to $14.3 million for fiscal 1996 from $16.4 million in fiscal 1995, principally as a result of decreased income from operations and higher effective tax rates, which increased from 27.4% in 1995 to 32.9% in 1996. The Company's effective income tax rates in fiscal 1996 and fiscal 1995 were impacted by the income tax benefits of Rayovac International Corporation, a domestic international sales corporation ("DISC") owned by the Company's shareholders, and fiscal 1995 was also impacted by the utilization of a foreign net operating loss carryforward.

Liquidity and Capital Resources

For the 1998 Six Month Period, net cash provided by operating activities decreased $30.8 million to $4.4 million from $35.2 million for the 1997 Six Month Period. The decrease was due primarily to increased inventory levels in the current year to support the growth in the business whereas a significant reduction in excess inventory was experienced in the prior year.

Capital expenditures for the 1998 Six Month Period were $6.7 million, an increase of $4.1 million from $2.6 million in the 1997 Six Month Period. This increase reflects continued spending on the implementation of new computer systems in fiscal 1998 and the down payment on a new alkaline production line for one of the Company's manufacturing facilities.

In March 1998, the Company sold its Kinston, North Carolina, facility for approximately $3.3 million. The Company also acquired DPP for $4.7 million plus incentive payments over four years which are anticipated to total approximately $2.7 million. The initial $4.7 million acquisition price consisted of $3.2 million in cash (of which $0.5 million is to be paid in cash after a specified time period for resolution of acquisition related claims), and $1.5 million of assumed bankers' acceptances. In November 1997, the Company acquired Brisco for approximately $4.9 million.

Capital expenditures for fiscal 1997 were $10.9 million, an increase of $2.5 million from the prior twelve months, due primarily to new computer information systems purchased in September 1997. Capital expenditures for fiscal 1996 and the Transition Period reflected maintenance level spending. Spending will continue on the implementation of the new computer systems in fiscal 1998 which is expected to be substantially completed by mid-1999.

The Company currently expects an increase in capital expenditures to approximately $18.0 million in fiscal 1998 (including the $6.7 million expended in the first six months of the fiscal year) due to alkaline capacity expansion, alkaline vertical integration programs, and continued spending on new computer information systems. The Company believes that cash flow from operating activities and periodic borrowings under its existing credit facilities will be adequate to meet the Company's short-term and long-term liquidity requirements prior to the maturity of those credit facilities, although no assurance can be given in this regard. On December 30, 1997, the Credit Agreement dated September 12, 1996, was amended. The Amended Credit Agreement provides for more favorable borrowing costs and covenants consistent with the Company's improved credit position resulting from the paydown of debt with the net proceeds of the IPO. The Amended Credit Agreement includes a five-year reducing Revolver Facility of $90.0 million and a five-year amortizing Acquisition Facility of $70.0 million. The Revolver Facility is reduced by $10.0, $15.0 and $15.0 million respectively on December 31, 1999, 2000 and 2001 and expires on December 31, 2002. The Acquisition Facility provides up to $70.0 million in loans for qualifying acquisitions during a one-year commitment period expiring December 31, 1998. Debt obtained under the Acquisition Facility is subject to quarterly amortization commencing March 31, 1999 through December 31, 2002. As of March 28, 1998, $56.1 million was outstanding on the Revolver Facility, with approximately $5.8 million utilized for outstanding letters of credit, and $4.2 million was outstanding under the Acquisition Facility. See "Description of Certain Indebtedness."

The Amended Credit Agreement contains financial covenants customary and usual for credit facilities of this type, including those involving limitations on liens, limitations on the disposition of assets, limitations on loans and investments, limitations on lease obligations, maintenance of minimum interest coverage, maximum leverage ratios, restrictions on dividend payments, distribution of assets and redemption of subordinated debt, limitations on sale and leaseback transactions and limitations on issuance of guaranty obligations. In particular, the Company may not permit to occur (i) an interest coverage ratio for any computation period which is less than 3.0 to 1 or (ii) a leverage ratio for the computation periods from December 31, 1997 through September 30, 1999 which exceeds 3.75 to 1.0, for the computation periods from December 31, 1999 through September 30, 2000 which exceeds 3.50 to 1.0 and for the computation periods from December 31, 2000 and thereafter which exceeds 3.25 to 1.0. The Company also may not and may not permit any subsidiary to create, incur, assume, suffer to exist or otherwise become or remain directly or indirectly liable with respect to any additional indebtedness, except as specifically contemplated by the Amended Credit Agreement. As of the date hereof, the Company is in compliance with all covenants contained in the Amended Credit Agreement.

In addition, the Indenture also restricts, in some instances, the Company's ability to incur additional indebtedness. Pursuant to the terms of the Indenture, there is no limit on the additional amount of indebtedness the Company may incur if the Fixed Charge Coverage Ratio (as defined in the Indenture) for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional indebtedness has been incurred would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional indebtedness had been incurred at the beginning of such four-quarter period. In addition, the Company may be able to incur additional indebtedness in certain circumstances even if it does not satisfy the 2.0 to 1 test described above, as set forth in the Indenture.

The Company is subject to various federal, state, local and foreign environmental laws and regulations in the jurisdictions in which it operates, including laws and regulations relating to discharges to air, water and land, the

handling and disposal of solid and hazardous waste and the cleanup of properties affected by hazardous substances. Except for liabilities related to the Velsicol Chemical and Morton International proceedings described under "Business--Environmental Matters" as to which the Company cannot predict the impact of such liabilities, the Company does not currently anticipate any material adverse effect on its operations or financial condition or any material capital expenditure as a result of its efforts to comply with environmental laws and as of March 28, 1998 had reserved $1.6 million for known on-site and off-site environmental liabilities. See Note 4 to Notes to Condensed Consolidated Financial Statements for the six months ended March 28, 1998. Some risk of environmental liability is inherent in the Company's business, however, and there can be no assurance that material environmental costs will not arise in the future. The Company has been identified as a PRP under CERCLA or similar state laws with respect to the past disposal of waste and is a party to two lawsuits as to which there is insufficient information to make a judgment as to the likelihood of a material impact on the Company's operations, financial condition or liquidity at this time. The Company may be named as a PRP at additional sites in the future, and the costs associated with such additional or existing sites may be material. In addition, certain of the Company's facilities have been in operation for decades and, over such time, the Company and other prior operators of such facilities have generated and disposed of wastes which are or may be considered hazardous such as cadmium and mercury utilized in the battery manufacturing process. See "Risk Factors--Environmental Matters" and "Business--Environmental Matters." The Company engages in hedging transactions in the ordinary course of its business. See Note 2.o. to Notes to the Company's Audited Consolidated Financial Statements and Note 1 to Notes to Condensed Consolidated Financial Statements for the six months ended March 28, 1998.

Computer Systems Upgrade

The Company is in the process of implementing its enterprise-wide, integrated information system upgrade. The SAP system is also expected to substantially address the Year 2000 issue. Management currently expects to substantially complete implementation of the upgrade in mid-1999 and to spend an estimated additional $1.0 million on Year 2000 issues. The Company presently believes that with modifications to existing software and converting to new software, the Year 2000 issue will not pose significant operational problems for the Company's computer systems. However, there can be no assurance that unforeseen difficulties will not arise for any of the Company, its customers or vendors and that related costs will not thereby be incurred.

Impact of Recently Issued Accounting Standards

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("FAS 130"), which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. All items that are required to be recognized under accounting standards as components of comprehensive income are to be reported in a financial statement that is displayed with the same prominence as other financial statements. FAS 130 requires that an enterprise (i) classify items of other comprehensive income by their nature in a financial statement and (ii) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the equity section of the balance sheet. FAS 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The Company is evaluating the effect of this pronouncement on its consolidated financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("FAS 131"), which is effective for financial statements for periods beginning after December 15, 1997. FAS 131 establishes standards for the way public business enterprises are to report information about operating segments in annual financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company is evaluating the effect of this pronouncement on its consolidated financial statements.

In February 1998, the FASB issued Statement of Financial Accounting Standards No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits ("FAS No. 132"), which standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practicable. FAS No. 132 is effective for fiscal years beginning after December 15, 1997. Restatement of disclosures for earlier periods provided for comparative purposes is required unless the information is not readily available. The Company is evaluating the effect of this pronouncement on its consolidated financial statements.

BUSINESS

General

The Company is the leading value brand and the third largest domestic manufacturer of general batteries, and is the leading worldwide manufacturer of hearing aid batteries. The Company is also the leading domestic manufacturer of rechargeable household batteries and certain other specialty batteries, including lantern batteries. In addition, the Company is a leading marketer of heavy duty batteries and battery-powered lighting products and also markets rechargeable batteries for cellular phones and video camcorders. The Rayovac brand name was first used as a trademark for batteries in 1921 and is a well recognized name in the battery industry. The Company attributes the longevity and strength of its brand name to its high-quality products and to the success of its marketing and merchandising initiatives.

The Company has established its position as the leading value brand in the U.S. general alkaline battery market by focusing on the mass merchandiser channel. The Company achieved this position by (i) offering batteries with quality and performance substantially equivalent to batteries offered by its principal competitors at a lower price, (ii) emphasizing innovative in-store merchandising programs, and (iii) offering retailers attractive margins. The Company has established its position as the leader in various specialty battery niche markets through (i) continuous technological advances, (ii) creative distribution and marketing, and (iii) strong relationships with industry professionals and manufacturers. The Company sells and distributes its products in several channels, including mass merchandisers and warehouse clubs; food, drug and convenience stores; electronics specialty stores and department stores; hardware and automotive centers; specialty retailers; hearing aid professionals; and industrial and government/OEM. The Company markets all of its branded products under the Rayovac[RegTM] name and selected products under sub-brand names such as MAXIMUM[TM], Renewal[RegTM], Loud'n Clear[RegTM], ProLine[RegTM], Lifex[TM], Power Station[RegTM], Workhorse[RegTM], Roughneck[RegTM], Best Labs[RegTM], Ultracell[RegTM], XCell[RegTM] and AIRPOWER[RegTM].

Business Strategy

In September 1996, the Company and the shareholders of the Company completed the Recapitalization pursuant to which, among other things, affiliates of Thomas H. Lee Company acquired for cash approximately 80% of the outstanding Common Stock of Rayovac. David A. Jones was hired as Chief Executive Officer of the Company to implement a new business strategy focused on (i) reinvigorating the Rayovac brand name by raising consumer brand awareness through, among other things, focused marketing and advertising, (ii) growing Rayovac's market share by expanding distribution into new channels, increasing sales to under-penetrated channels and customers, launching new products, and selectively pursuing acquisitions and alliances, (iii) reducing costs by rationalizing manufacturing and distribution, better utilizing existing plant capacity, outsourcing products where appropriate, reducing working capital, and downsizing corporate overhead, and (iv) improving employee productivity by increasing training and education, upgrading information systems, and implementing a pay-for-performance culture.

To implement its new strategy, the Company has undergone a significant transformation since the Recapitalization.

Strengthened Senior Management Team. In addition to Mr. Jones, experienced senior managers have been recruited to fill key positions: Kent J. Hussey, who joined the Company as Executive Vice President of Finance and Administration and Chief Financial Officer and was recently promoted to the position of President and Chief Operating Officer; Merrell M. Tomlin, Senior Vice President of Sales; Stephen P. Shanesy, Executive Vice President and General Manager of General Batteries and Lights; and Randall J. Steward, Senior Vice President of Finance and Chief Financial Officer. The new senior managers have over 75 years of collective experience in the consumer products industry. In addition, the current management team includes several key members who served the Company prior to the Recapitalization, providing continuity and retaining significant battery industry expertise. After giving effect to the Offerings, the nine executive officers of the Company will beneficially own 10.2% of the outstanding Common Stock (without giving effect to the Underwriters' over-allotment options) on a fully diluted basis.

Restructured Operations. In March 1998, the Company announced restructuring plans for its domestic and international operations designed to maximize production and capacity efficiencies, reduce fixed costs, upgrade existing technology and equipment, and improve customer service. Major elements of the restructuring include (i) consolidating the Company's packaging operations, (ii) outsourcing manufacturing of heavy duty batteries, and (iii)

closing certain of the Company's existing manufacturing, packaging and distribution facilities. The Company recorded a charge of $7.5 million in the second quarter of the current fiscal year in connection with the restructuring program and expects to record an additional $2.0 million of costs in subsequent periods. The Company currently anticipates annual aggregate cost savings of the restructuring program, after full implementation (currently expected in early 1999), to be approximately $5.0 million.

The restructuring further implements actions taken by the Company following the Recapitalization to rationalize manufacturing and other costs, including (i) consolidating certain manufacturing operations at the Company's facilities and closing other facilities; (ii) sourcing some products previously manufactured by the Company; (iii) implementing a significant organizational restructuring and additional measures to rationalize manufacturing, distribution and overhead costs; and (iv) eliminating costs associated with the use of a corporate aircraft. The Company estimates the annual aggregate cost savings associated with these earlier actions at approximately $8.6 million. The Company believes that its current manufacturing capacity remains sufficient to meet its anticipated production requirements for the foreseeable future.

Reorganized Sales, Marketing and Administration by Distribution Channel. Rayovac has realigned its marketing department, sales organization, supply chain and support functions to better serve the diverse customer needs within major distribution channels. Customer-focused teams are now organized to serve the following distribution channels: mass merchandisers and warehouse clubs; food, drug and convenience stores; electronics specialty stores and department stores; hardware and automotive centers; specialty retailers; hearing aid professionals; industrial and government/OEM. The Company believes that sales to under-penetrated channels should increase as the dedicated teams focus on implementing channel-specific marketing strategies, sales promotions and customer service initiatives.

Launched New Sales and Marketing Programs. Rayovac has developed and continues to implement broad new marketing initiatives designed to reinvigorate the Rayovac brand name. Major steps completed to date include (i) selecting Young & Rubicam as the Company's new advertising agency and developing its first major national advertising campaign for its full line of general batteries, (ii) launching a new and improved alkaline product line under the MAXIMUM[TM] sub-brand, (iii) redesigning all product graphics and packaging to convey a high-quality image and emphasize the Rayovac brand name, (iv) extending the Company's existing contract with Michael Jordan to include his representation for all Rayovac products, and (v) restructuring the Company's sales representative network along distribution channels.

Reorganized Information Systems. The Company has completed an initial overhaul of its information systems by (i) hiring an experienced Chief Information Officer, (ii) outsourcing mainframe computer operations, (iii) completing an enterprise software system analysis, and (iv) retaining outside consultants to modernize and upgrade its data processing and telecommunications infrastructure. The Company has purchased from SAP and begun implementing an enterprise-wide, integrated information system to upgrade and modernize its business operations, the majority of which is expected to be substantially completed by mid-1999. When fully implemented, this system, along with efforts by the Company's internal project team, is expected to reduce cycle times, lower manufacturing and administrative costs, improve both asset and employee productivity and substantially address the Year 2000 issue.

Growth Strategy

Rayovac believes it has significant growth opportunities in its businesses and has developed strategies to increase sales, profits and market share. Key elements of the Company's growth strategy are as follows:

Reinvigorate the Rayovac Brand Name. The Company is committed to reinvigorating the Rayovac brand name after many years of underdevelopment. The brand, originally introduced in 1921, has wide recognition in all markets where the Company competes, but has lower awareness than the more highly advertised Duracell and Energizer brands. The Company has initiated an integrated advertising campaign using significantly higher levels of TV and print media. In 1997, the Company launched a reformulated alkaline battery, Rayovac MAXIMUM[TM], supported by new graphics, new packaging, a new advertising campaign, and aggressive introductory retail promotions. The Company's marketing and advertising initiatives are designed to increase awareness of the Rayovac brand and to increase retail sales by heightening customers' perceptions of the quality, performance and value of Rayovac products.

Leverage Value Brand Position. Rayovac believes it has a unique position in the general battery market as the value brand in an industry in which the leading three brands (Duracell, Energizer and Rayovac) account for approximately 90% of sales. The Company's strategy is to provide products of quality and performance equal to its major competitors in the general battery market at a lower price to appeal to a large segment of the population desiring a value brand. To demonstrate its value positioning, Rayovac offers comparable battery packages at a lower price or, in some cases, more batteries for the same price.

Expand Retail Distribution. Historically the Company had focused its sales and marketing efforts on the mass merchandiser channel which accounted for 44% of industry sales growth in the domestic alkaline battery market on a unit basis over the past five years and has achieved a 19% unit share. The Company believes its value brand positioned products and innovative merchandising programs also make it an attractive supplier to other retail channels, which represent a market of $1.7 billion or 69% of the general battery market. The Company has reorganized its marketing, sales, and sales representative organizations by channel in order to grow market share by (i) gaining new customers, (ii) penetrating existing customers with a larger assortment of products, (iii) offering a selection of products with high sell-through, and (iv) utilizing more aggressive and channel specific promotional programs. The Company believes that these initiatives have resulted in significant success over the past fiscal year in gaining access to new accounts and expanding product offerings to existing accounts and the Company intends to continue to pursue these strategies.

Further Capitalize on Worldwide Leadership in Hearing Aid Batteries. The Company seeks to increase its 52% worldwide market share in the hearing aid battery segment, as it has done consistently for the past 10 years, by leveraging its leading technology and dedicated sales and marketing organizations. Rayovac is the only hearing aid battery manufacturer to advertise its products and plans to continue to utilize Arnold Palmer as its spokesperson in its print media campaign. Rayovac also markets large multi-packs of hearing aid batteries which have rapidly gained consumer favor. In November 1997, the Company acquired Brisco, which packages and distributes hearing aid batteries in customized packaging to hearing health care professionals in Germany and Holland as well as other European countries. In March 1998, the Company acquired the battery distribution portion of Best Labs in St. Petersburg, Florida, a distributor of hearing aid batteries in customized packaging and a manufacturer of hearing instruments. The Company believes that these acquisitions will enable the Company to further penetrate markets for hearing aid batteries.

Develop New Markets. The Company intends to expand its business into new markets for batteries and related products both domestically and internationally by developing new products internally or selective acquisitions. These acquisitions may focus on expansion into new technologies, product lines or geographic markets and may be of significant size. In March 1998, the Company acquired the retail portion of the business of DPP, a full line marketer of rechargeable batteries and accessories for cellular phones and video camcorders. In conjunction with the acquisition of DPP, the Company has announced the launch of a new line of rechargeable batteries for cordless telephones. The Company may also pursue joint ventures or other strategic marketing opportunities where appropriate to expand its markets or product offerings. See "Risk Factors--Risks Associated with Future Acquisitions."

Introduce New Niche Products. The Company has developed leading positions in several important niche markets, including those for lantern batteries and lithium coin cells. The Company intends to continue selectively pursuing opportunities to exploit under-served niche markets and to enter high-growth specialty battery markets. In 1997, the Company entered the market for photo and keyless entry batteries and recently introduced a line of products to service the medical instrument and health services markets. In the lighting products segment, where market share is driven by new product introductions, the Company is introducing a number of attractively designed new products over the next twelve months and intends to bring new products to the market in the future on a six-month cycle.

Reposition the Renewal Rechargeable Alkaline Battery. The Company's Renewal rechargeable battery is the only rechargeable alkaline battery in the U.S. market, commanding a 68% market share of the rechargeable household battery market through mass merchandisers, food and drug stores for the 52 weeks ended March 14, 1998. Since the Recapitalization, the Company has lowered the price of Renewal rechargers by 33% to encourage consumers to purchase the system and promoted Renewal's money-saving benefits. Renewal batteries present a value proposition to consumers because Renewal batteries can be recharged over 25 times, providing 10 times the energy of disposable alkaline batteries at only twice the retail price. In addition, alkaline rechargeables are superior to nickel cadmium rechargeables (the primary competing technology) because they provide more energy between

charges, are sold fully charged, retain their charge longer and are environmentally safer. The Company has focused sales efforts for Renewal on distribution channels which the Company believes to be more suited for this product, such as electronics specialty stores, and has recently begun shipments to Radio Shack.

Battery Industry

The U.S. battery industry had aggregate sales in 1997 of approximately $4.3 billion as set forth below.

1997 U.S. Battery Industry Sales	(In billions)
Retail:	
General	$ 2.4
Hearing aid	0.2
Other specialty	0.9
Industrial, OEM and Government	0.8
Total	$ 4.3

As set forth below, this segment has experienced steady growth, with compound annual unit sales growth since 1990 of 4%.

RETAIL GENERAL BATTERY MARKET
Total Retail General Batteries

[LINE CHART DATA]

	Dollars (Millions)	Units (Millions)
1990	1834	2225
1991	1912	2358
1992	2003	2543
1993	2099	2715
1994	2192	2910
1995	2316	3071
1996	2395	3156
1997	2431	3246

Source: A.C. Nielsen Scanner Data,
A.C. Nielsen Consumer Panel Data and Company estimates.

The U.S. battery industry is dominated by three manufacturers, (Duracell, Energizer and Rayovac) each of which manufactures and markets a wide variety of batteries. Together, these three accounted for approximately 90% of the U.S. retail general battery market in calendar 1997. Retail sales of general and specialty batteries represent the largest portion of the U.S. battery industry, accounting for approximately 80% of sales in 1997. Batteries are popular with many retailers because they provide attractive profit margins. As batteries are an impulse purchase item, increasing display locations in stores tends to generate increased sales.

The growth in retail sales of general batteries in the U.S. is largely due to (i) the popularity and proliferation of battery-powered devices (such as remote controls, personal radios and cassette players, pagers, portable compact disc players, electronic and video games and battery-powered toys), (ii) the miniaturization of battery-powered devices, which has resulted in consumption of a larger number of smaller batteries, and (iii) increased purchases of multiple-battery packages for household "pantry" inventory. These factors have increased the average household usage of batteries from an estimated 23 batteries per year in 1986 to an estimated 36 batteries per year in 1997.

Similar to general retailing trends, increased battery sales through mass merchandisers and warehouse clubs have driven the overall growth of retail battery sales. Mass merchandisers accounted for 66% of the total increase in general battery retail dollar sales from 1993 through 1997 and, together with warehouse clubs, accounted for 41% of total retail battery sales in 1997.

In 1997, U.S. and worldwide retail sales of hearing aid batteries were approximately $219 million and $565 million, respectively, and have grown at a compound annual growth rate of 7% and 5%, respectively, over the last five years. Growth in the hearing aid battery market has been driven by an aging population; increases in hearing instrument device sales driven by technological advances, including miniaturization, which provides higher cosmetic appeal and improved amplification; and the higher replacement rates of smaller hearing instruments.

Other markets in which the Company operates include those for replacement watch and calculator batteries, which had worldwide sales of approximately $924 million in 1997, photo batteries, which had worldwide sales of approximately $660 million in 1997 and lithium coin cells, which had worldwide sales of approximately $56 million in 1997.

Products

Rayovac develops, manufactures and markets a wide variety of batteries and battery-powered lighting devices. The Company's broad line of products includes (i) general batteries (including alkaline, heavy duty and rechargeable alkaline batteries) and specialty batteries (including hearing aid, watch, photo, keyless entry, and personal computer clock, memory back-up batteries, rechargeable batteries for cordless telephones and rechargeable batteries, battery chargers and accessories for cellular phones and camcorders) and (ii) lighting products and lantern batteries. General batteries (D, C, AA, AAA and 9-volt sizes) are used in devices such as radios, remote controls, personal radios and cassette players, pagers, portable compact disc players, electronic and video games and battery-powered toys, as well as a variety of battery-powered industrial applications. Of the Company's specialty batteries, button cells are used in smaller devices (such as hearing aids and watches), lithium coin cells are used in cameras, calculators, communication equipment, medical instrumentation and personal computer clocks and memory back-up systems, and lantern batteries are used almost exclusively in battery-powered lanterns. The Company's lighting products include flashlights, lanterns and similar portable products.

Net sales data for the Company's products as a percentage of net sales for fiscal 1995, fiscal 1996, the Transition Period, fiscal 1997 and six months ended March 29, 1997 and March 28, 1998 are set forth below.

	Percentage of Company Net Sales					
	Fiscal Year Ended June 30,		Transition Period Ended September 30,	Fiscal Year Ended September 30,	Six Months Ended	
Product Type	1995	1996	1996	1997	March 29, 1997	March 28, 1998
Battery Products:						
Alkaline	43.4%	43.6%	41.4%	45.0%	43.7%	50.2%
Heavy Duty	14.1	12.2	12.7	10.4	11.3	8.3
Rechargeable Batteries	5.6	7.1	5.1	5.5	6.3	5.6
Hearing Aid	12.7	14.6	14.3	14.8	14.2	14.2
Other Specialty Batteries	10.0	8.6	10.1	9.8	9.6	8.0
Total	85.8	86.1	83.6	85.5	85.1	86.3
Lighting Products and Lantern Batteries	14.2	13.9	16.4	14.5	14.9	13.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Battery Products

A description of the Company's major battery products including their typical uses is set forth below.

	General Batteries		Hearing Aid Batteries
Technology	Alkaline	Zinc	Zinc Air
Types/ Common Name:	- Disposable - Rechargeable	Heavy Duty (Zinc Chloride)	--
Brand; Sub-brand Names(1):	Rayovac; MAXIMUM, Renewal, Power Station	Rayovac	Rayovac; Loud'n Clear, ProLine, Best Labs, Ultracell XCell and AIRPOWER
Sizes:	D, C, AA, AAA, 9-volt(2) for both Alkaline and Zinc		5 sizes
Typical Uses:	All standard household applications including pagers, personal radios and cassette players, remote controls and a wide variety of industrial applications		Hearing aids

	Other Specialty Batteries			Lantern Batteries
Technology	Lithium	Silver	Lithium Ion, Nickel Metal Hydride, Nickel Cadmium and Sealed Lead Acid	Zinc
Types/ Common Name:	--	--	Rechargeable	Lantern (Alkaline, Zinc Chloride and Zinc Carbon)
Brand; Sub-brand Names(1):	Rayovac; Lifex	Rayovac	Rayovac	Rayovac
Sizes:	5 primary sizes	10 primary sizes	35 sizes	Standard lantern
Typical Uses:	Personal computer clocks and memory back-up	Watches	Cellular phones, camcorders and cordless phones	Beam lanterns, Camping Lanterns

(1) The Company also produces and supplies private label brands in selected categories.

(2) The Company does not produce 9-volt rechargeable batteries.

Products

Alkaline Batteries. Alkaline batteries are based on technology which first gained widespread application during the 1980s. Alkaline batteries provide greater average energy per cell and considerably longer service life than traditional zinc chloride (heavy duty) or zinc carbon (general purpose) batteries, the dominant battery types throughout the world until the 1980s. Alkaline performance superiority has resulted in alkaline batteries steadily displacing zinc chloride and zinc carbon batteries. In the domestic retail general battery market, for instance, alkaline batteries represented approximately 87% of total battery unit sales in calendar 1997, despite higher per battery prices than zinc batteries.

Rayovac produces a full line of alkaline batteries including D, C, AA, AAA and 9-volt size batteries for both consumers and industrial customers. The Company's alkaline batteries are marketed and sold primarily under the Rayovac MAXIMUM brand, although the Company also engages in limited private label manufacture of alkaline batteries. AA and AAA size batteries are often used with smaller electronic devices such as remote controls, photography equipment, personal radios and cassette players, pagers, portable compact disc players and electronic and video games. C and D size batteries are generally used in devices such as flashlights, lanterns, radios, cassette players and battery-powered toys. 9-volt size batteries are generally used in fire alarms, smoke detectors and communication devices.

The Company regularly tests the performance of its alkaline batteries

against those of its competitors across a number of applications and battery sizes using American National Standards Institute ("ANSI") testing criteria, the standardized testing criteria generally used by industry participants to evaluate battery performance, as well as its own specific product device testing, which the Company believes may provide more relevant information to consumers. Although relative performance varies based on battery size and device tests, the average performance of the Company's alkaline batteries and those of its competitors are substantially equivalent. The Company's performance comparison results are corroborated by published independent test results.

For calendar 1997 the Company had an 11% overall alkaline battery unit market share and a 19% alkaline battery unit market share within the mass merchandiser retail channel.

Heavy Duty Batteries. Heavy duty batteries include zinc chloride batteries designed for low and medium-drain devices such as lanterns, flashlights, radios and remote controls. In March 1998, the Company announced a restructuring of operations, including the outsourcing of the manufacturing of heavy duty batteries. In fiscal 1997, the Company produced a full line of heavy duty batteries, although AA, C and D size heavy duty batteries together accounted for 90% of the Company's heavy duty battery unit sales in fiscal 1997.

The Company had a 35% unit market share in the heavy duty battery market through mass merchandisers, food and drug stores for the 52 weeks ended March 14, 1998. Generally, the size of the heavy duty battery market has been decreasing because of increased sales of alkaline batteries for uses traditionally served by non-alkaline batteries.

Rechargeable Batteries. The Company's Renewal rechargeable battery is the only rechargeable alkaline battery in the U.S. market, commanding a 68% market share of the rechargeable household battery market through mass merchandisers, food and drug stores for the 52 weeks ended March 14, 1998. Since the Recapitalization, management has lowered the price of Renewal rechargers by 33% to encourage consumers to purchase the system and shifted Renewal's marketing message from its environmental benefits to its money-saving benefits. Renewal batteries present a value proposition to consumers because they can be recharged over 25 times, providing 10 times the energy of disposable alkaline batteries at only twice the retail price. In addition, alkaline rechargeables are superior to nickel cadmium rechargeables (the primary competing technology) because they provide more energy between charges, are sold fully charged, retain their charge longer and are environmentally safer. Certain technology underlying the Company's Renewal line of rechargeable alkaline batteries could be made available to the Company's competitors under certain circumstances. See "Risk Factors--Limited Intellectual Property Protection."

Hearing Aid Batteries. The Company was the largest worldwide seller of hearing aid batteries in fiscal 1997, with a market share of approximately 52%. In addition, the Company has strengthened its worldwide leadership with the acquisition of Brisco. This strong market position is the result of hearing aid battery products with advanced technological capabilities, consistent product performance, a strong distribution system and an extensive marketing program. Hearing aid batteries are produced in several sizes and are designed for use with various types and sizes of hearing aids. The Company produces five sizes and two types of zinc air button cells for use in hearing aids, which are sold under the Loud'n Clear, ProLine, Best Labs, Ultracell, XCell and AIRPOWER brand names and under several private labels, including Beltone, Miracle Ear, Siemens and Starkey. Zinc air is a highly reliable, high energy density, lightweight battery system with performance superior to that of traditional hearing aid batteries. The Company was the pioneer and currently is the leading manufacturer of the smallest (5A and 10A size) hearing aid batteries. The Company's zinc air button cells offer consistently strong performance, capacity and reliability based on ANSI testing criteria as applied by the Company.

Other Specialty Batteries. The Company's other specialty battery products include non-hearing aid button cells, lithium coin cells, photo batteries, keyless entry batteries and rechargeable nickel cadmium, nickel metal hydride, lithium ion and sealed lead acid batteries. The Company produces button and coin cells for watches, cameras, calculators, communications equipment and medical instrumentation. The Company's market shares within each of these categories vary. The Company's Lifex lithium coin cells are high-quality lithium batteries with certain performance advantages over other lithium battery systems. These products are used in calculators and personal computer clocks and memory back-up systems. Lifex lithium coin cells have outstanding shelf life and excellent performance. The Company's rechargeable lithium ion, nickel metal hydride, nickel cadmium and sealed lead acid batteries are sourced for use in cellular telephones, camcorders and cordless telephones.

Battery Merchandising and Advertising

Alkaline and Rechargeable Batteries. Since the Recapitalization, the Company has substantially revised its merchandising and advertising strategies for general batteries. Key elements of the Company's strategies include: building the awareness and image of the Rayovac brand name; focusing on the reformulated MAXIMUM alkaline product line; improving consumer perceptions of the quality and performance of the Company's products; upgrading and unifying product packaging; and solidifying the Company's position as the value brand by offering batteries of equal quality and performance at a lower price than those offered by its principal competitors. The Company's strategy is to provide products of quality and performance equal to its major competitors in the general battery

market at a lower price, appealing to a large segment of the population desiring a value brand. To demonstrate its value positioning, Rayovac offers comparable battery packages at a lower price or, in some cases, more batteries for the same price. The Company also works with individual retail channel participants to develop unique merchandising programs and promotions and to provide retailers with attractive profit margins to encourage retailer brand support.

In response to the introduction by the Company's principal competitors in the U.S. general battery market of on-the-label battery testers for alkaline batteries, the Company developed an on-the-label tester for the Company's alkaline batteries. Based on the Company's consumer testing which indicated that such testers are difficult to use, prone to failure and do not represent a significant marketing advantage, management decided not to proceed with the implementation of such testers.

In the three fiscal years prior to the Recapitalization, the Company spent substantially all of its advertising budget on its Renewal product line. The Company's current advertising campaign designed by Young & Rubicam, the Company's new advertising agency, has shifted advertising efforts to the Company's MAXIMUM alkaline products. In addition, the Company launched its first major national advertising campaign. The campaign is designed to increase awareness of the Rayovac brand and to heighten customers' perceptions of the quality, performance and value of Rayovac products. The Company has engaged Michael Jordan as a spokesperson for its general battery products under a contract which extends through 2004 and which, by its terms, may not be cancelled or terminated by Mr. Jordan without cause prior to its expiration.

The Company substantially overhauled its marketing strategy for its Renewal rechargeable batteries in 1997 to focus on the economic advantages of Renewal rechargeable batteries and to position the rechargers at lower, more attractive price points. As part of its marketing strategy for its rechargeable batteries, the Company actively pursues OEM arrangements and other alliances with major electronic device manufacturers.

Hearing Aid Batteries. To market and distribute its hearing aid battery products, the Company continues to use a highly successful national print advertising campaign featuring Arnold Palmer. A binaural wearer and user of Rayovac hearing aid batteries, Mr. Palmer has been extremely effective in promoting the use of hearing aids, expanding the market and communicating the specific product benefits of Rayovac hearing aid batteries. The Company's agreement with Mr. Palmer may not be cancelled or terminated by him without cause prior to its expiration. The Company has also developed a national print advertising campaign in selected publications such as Modern Maturity to reach the largest potential market for hearing aid batteries. The Company also pioneered the use of multipacks and intends to further expand multipack distribution in additional professional and retail channels. Additionally, the Company believes that it has developed strong relationships with hearing aid manufacturers and audiologists, the primary purveyors of hearing aids, and seeks to further penetrate the professional market. To further its marketing and distribution capability in hearing aid batteries, in March 1998 the Company acquired the battery distribution portion of Best Labs, a Florida distributor of hearing aid batteries and a manufacturer of hearing instruments. The Company has also established relationships with major Pacific Rim hearing aid battery distributors to take advantage of anticipated global market growth. In addition, the Company believes that the acquisition of Brisco will enable the Company to further penetrate European markets for hearing aid batteries.

Other Specialty Batteries. The Company's marketing strategies for its other specialty batteries focus on leveraging the Company's brand name and strong market position to promote its specialty battery products. With the acquisition of DPP, the Company plans to further position itself in the retail market for rechargeable specialty batteries and accessories for use with cellular telephones, camcorders and cordless telephones. The Company has redesigned its product graphics and packaging of its other specialty battery products to achieve a uniform brand appearance with the Company's other products and generate greater brand awareness and loyalty. In addition, the Company plans to continue to develop relationships with manufacturers of communications equipment and other products in an effort to expand its share of the non-hearing aid button cell market. The Company believes there to be significant opportunity for growth in the photo and keyless entry battery markets and seeks to further penetrate the replacement market for these products. The Company has recently introduced a line of products to serve the medical instrument and health services markets.

With regard to lithium coin cells, the Company seeks to further penetrate the OEM portable personal computer market, as well as to broaden its customer base by focusing additional marketing and distribution efforts on telecommunication and medical equipment manufacturers.

Lighting Products and Lantern Batteries

Products

The Company is a leading marketer of battery-powered lighting devices, including flashlights, lanterns and similar portable products for the retail and industrial markets. For the 52 weeks ended March 14, 1998 the Company's products accounted for 13% of aggregate lighting product retail dollar sales in the mass merchandiser retail market segment. Rayovac has established its position in this market based on innovative product features, consistent product quality and creative product packaging. In addition, the Company endeavors to regularly introduce new products to stimulate consumer demand and promote impulse purchases.

The Company also produces a wide range of consumer and industrial lantern batteries. For calendar 1997, the Company held a 44% unit market share in the lantern battery market. This market has experienced a decline in recent years due to the declining use of this product for highway construction barricades.

Merchandising and Advertising

The Company's marketing strategy for its lighting products and lantern batteries focuses on leveraging the Company's strong brand name, regularly introducing new products, utilizing innovative packaging and merchandising programs, and promoting impulse buying and gift purchases.

Sales and Distribution

General

After the Recapitalization, the Company reorganized its sales force by distribution channel. As a result of this reorganization, the Company maintains separate U.S. sales forces primarily to service its retail sales and distribution channels and its hearing aid professionals, industrial and OEM sales and distribution channels. In addition, the Company utilizes a network of independent brokers to service participants in selected distribution channels. In conjunction with its broader cost rationalization initiatives, the Company has reduced the number of independent brokers and sales agents from over 100 to approximately 50. With respect to sales of the Company's hearing aid batteries, while most of the Company's sales have historically been through hearing aid professionals, the Company is actively engaged in efforts to increase sales through retail channels. In March 1998, the Company acquired the hearing aid battery distribution portion of Best Labs. In addition, the Company maintains its own sales force of approximately 30 employees in Europe which promotes the sale of all of the Company's products.

Retail

In the retail segment, the Company realigned its sales resources to create a sales force dedicated to each of its retail distribution channels. The primary retail distribution channels include: mass merchandisers (both national and regional) and warehouse clubs; food, drug and convenience stores; electronics specialty stores and department stores; hardware and automotive centers; specialty retailers; automotive aftermarket dealers; military sales; and catalog showrooms. The Company works closely with individual retailers to develop unique product promotions and to provide them with the opportunity for attractive profit margins to encourage brand support. The Company has focused sales for its Renewal product line on distribution channels which the Company believes to be more suited for this product, such as electronics specialty stores, and has recently begun shipments to Radio Shack.

The Company's sales efforts in the retail channel focus primarily on sales and distribution to national mass merchandisers, in particular the Wal-Mart, Kmart and Target chains, which collectively accounted for 55% of industry sales growth in the domestic alkaline battery market over the past five years. The Company's sales strategy for these and other mass merchandisers includes increasing market share for all of the Company's products through the use of account specific programs and a separate sales and marketing team dedicated to these large retailers.

The Company's sales strategy is to penetrate further particular retail distribution channels, including home centers, hardware stores, warehouse clubs and food and drug stores. The Company's strategy for these retail channels is to develop creative and focused marketing campaigns which emphasize the performance parity and consumer cost advantage of the Rayovac brand and to tailor specific promotional programs unique to these distribution channels.

Industrial and OEM

In the industrial battery market, the Company services three sales and distribution channels: contract sales to governments and related agencies; maintenance repair organizations (including buying groups); and office product supply companies. The primary products sold to this market include alkaline, heavy duty, and lantern batteries and

flashlights. Maintenance repair organizations, the largest of which is W.W. Grainger (to whom the Company is a major supplier of battery and lighting products), generally sell to contractors and manufacturers. The office product supply channel includes sales to both professional and retail companies in the office product supply business.

In the OEM sales channel, the Company actively pursues OEM arrangements and other alliances with major electronic device manufacturers for its rechargeable batteries. The Company also utilizes the OEM channel for the sale and distribution of its hearing aid batteries through strong relationships it has developed with hearing aid manufacturers. The Company plans to continue to develop relationships with manufacturers of communications equipment and other products in an effort to expand its share of the non-hearing aid button cell market. With regard to lithium coin cells, the Company plans to penetrate further the OEM portable personal computer market and broaden its customer base by focusing additional sales and distribution efforts on telecommunications and medical equipment manufacturers.

Manufacturing and Raw Materials

The Company manufactures batteries in the United States and the United Kingdom. In March 1998, the Company announced certain manufacturing changes which include consolidating the Company's packaging operations at its Madison, Wisconsin plant, closing the Company's Appleton, Wisconsin plant and relocating the affected manufacturing operations for lithium batteries to the Company's Portage, Wisconsin facility. Since the Recapitalization, the Company has shifted manufacturing operations from its Newton Aycliffe, United Kingdom and Kinston, North Carolina facilities to other facilities of the Company and outsourced the manufacture of certain lighting products. These efforts have increased plant capacity utilization and eliminated some of the Company's underutilized manufacturing capacity. In March 1998, the Company announced the closing of the Newton Aycliffe, United Kingdom facility and the sale of the Kinston, North Carolina facility.

During the past five years, the Company has spent significant resources on capital improvements, including the modernization of many of its manufacturing lines and manufacturing processes. These manufacturing improvements have enabled the Company to increase the quality and service life of its alkaline batteries and to increase its manufacturing capacity. In March 1998, the Company agreed to purchase from Matsushita a new high speed alkaline battery manufacturing production line for its Fennimore, Wisconsin plant and to source certain finished products, battery parts and material from Matsushita to continue to supplement the Company's existing domestic production capacity. Management believes that the Company's manufacturing capacity is sufficient to meet its anticipated production requirements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The most significant raw materials used by the Company to manufacture batteries are zinc powder, electrolytic manganese dioxide powder, graphite and steel. There are a number of worldwide sources for all necessary raw materials, and management believes that Rayovac will continue to have access to adequate quantities of such materials at competitive prices. The Company regularly engages in forward purchases and hedging transactions to effectively manage raw material costs and inventory relative to anticipated production requirements. See "Risk Factors--Raw Materials."

Research and Development

The Company's research and development strategy is to purchase or license state-of-the-art manufacturing technology from third parties and to develop such technology through the Company's own research and development efforts. In March 1998, the Company announced the extension of its existing alkaline battery technology agreement with Matsushita, pursuant to which the Company is entitled to license (on a non-exclusive basis) Matsushita's highly advanced designs, technology and manufacturing equipment for alkaline batteries, including all developments and innovations thereto, through 2003. Thereafter, the Company is entitled to license such technology existing as of such date through 2023. Pursuant to the terms of the agreement, Matsushita may not cancel or terminate this battery technology agreement prior to its expiration other than for "cause" as described therein. The Company's research and development efforts focus primarily on performance and cost improvements of existing products and technologies. In recent years, these efforts have led to advances in alkaline, heavy duty and lithium chemistries, as well as zinc air hearing aid batteries and enhancements of licensed rechargeable alkaline technology.

The Company believes that continued development efforts are important in light of the continually evolving nature of battery technology and credits the competitive performance of its products to its recent development

efforts. In the hearing aid battery segment, the Company's research and development group maintains close alliances with the developers of hearing aid devices and often works in conjunction with these developers in preparing new product designs. The success of these efforts is most recently demonstrated by the Company's development of the two smallest (5A and 10A size) hearing aid batteries. The Company's research and development efforts in the Lighting Products and Lantern Batteries segment are focused on the development of new products. Further, the Company continues to partner with the U.S. government in research efforts to develop new battery technology. The Company's research and development group includes approximately 95 employees, the expense for some of whom is funded by U.S. government research contracts. The Company's expenditures for research and development were approximately $6.2 million, $1.5 million, $5.4 million and $5.0 million for fiscal 1997, the Transition Period, fiscal 1996 and fiscal 1995, respectively. See "--Patents, Trademarks and Licenses."

Information Systems

The Company has completed an initial reorganization of its information systems function by (i) hiring an experienced Chief Information Officer, (ii) outsourcing mainframe computer operations, (iii) completing an enterprise software system analysis and selection, and (iv) retaining outside consultants to modernize and upgrade its data processing and telecommunications infrastructure. The Company has purchased from SAP and begun implementing an enterprise-wide, integrated information system to upgrade and modernize its business operations, the majority of which will be substantially implemented by mid-1999. When fully implemented, this system is expected to reduce cycle times, lower manufacturing and administrative costs, improve both asset and employee productivity and substantially address the Year 2000 issue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Computer Systems Upgrade."

Patents, Trademarks and Licenses

The Company's success and ability to compete depends in part upon its technology. The Company relies upon a combination of patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual covenants, to establish and protect its technology and other intellectual property rights.

The Company owns or licenses from third parties a considerable number of patents and patent applications throughout the world, primarily for battery product improvements, additional features and manufacturing equipment. In March 1998, the Company announced the extension of its existing alkaline battery technology agreement with Matsushita, pursuant to which the Company will continue to license Matsushita's highly advanced designs, technology and manufacturing equipment, including all developments and innovations thereto, through 2003. Thereafter, the Company is entitled to license such technology existing as of such date through 2023.

The Company also uses a number of trademarks in its business, including Rayovac[RegTM], MAXIMUMTM, Renewal[RegTM], Loud'n Clear[RegTM], Power Station[RegTM], ProLine[RegTM], LifexTM, Smart Pack[RegTM], Best Labs[RegTM], Ultracell[RegTM], XCell[RegTM], AIRPOWER[RegTM], SmartTM Strip, Workhorse[RegTM] and Roughneck[RegTM]. The Company relies on both registered and common law trademarks in the United States to protect its trademark rights. The Rayovac[RegTM] mark is also registered in countries outside the United States, including in Europe and the Far East. The Company does not have any right to the trademark "Rayovac" in Brazil, where the mark is owned by an independent third-party battery manufacturer. In addition, ROV Limited, a third party unaffiliated with the Company, has an exclusive, perpetual, royalty-free license for the use of certain of the Company's trademarks (including the "Rayovac" mark) in connection with zinc carbon and alkaline batteries and certain lighting devices in many countries outside the United States, including Latin America.

The Company has obtained a non-exclusive license to use certain technology underlying its rechargeable battery line to manufacture such batteries in the United States, Puerto Rico and Mexico and to sell and distribute batteries based on the licensed technology worldwide. This license terminates with the expiration of the last-expiring patent covering the licensed technology in 2015. In addition, in the conduct of its business, the Company relies upon other licensed technology in the manufacture of its products. See Note 13 to Notes to Consolidated Financial Statements.

Competition

The Company believes that the markets for its products are highly competitive. Duracell and Energizer are the Company's primary battery industry competitors, each of which has substantially greater financial and other resources and greater overall market share than the Company. Although other competitors have sought to enter this market, the Company believes that new market entrants would need significant financial and other resources to develop brand recognition and the distribution capability necessary to serve the U.S. marketplace. Substantial capital expenditures would be required to establish U.S. battery manufacturing operations, although potential competitors could import their products into the U.S. market. The Company and its primary competitors enjoy significant advantages in having established brand recognition and distribution channels. See "Risk Factors--Competition."

In February 1998, Duracell announced the introduction of a new line of alkaline batteries under the name Duracell Ultra in the AA and AAA size categories which is being marketed as providing increased performance in certain high-drain devices, including cellular phones, digital cameras and palm-sized computers. Duracell has indicated that this new line of alkaline batteries will begin shipping to retailers in May 1998. Based on the Company's preliminary analysis of this new product line in comparison to the Company's technology and technology generally available in the market, the marketing strategies announced by Duracell in connnection with the introduction of the new line and the premium pricing for such product, the Company does not anticipate that this new product line will have a significant impact on the Company's results of operations, however there can be no assurance in this regard. See "Risk Factors--Competition."

In the U.S. market for general batteries, competition is based on brand name recognition, perceived quality, price, performance, product packaging and design innovation, as well as creative marketing, promotion and distribution strategies. In comparison to the U.S. battery market, the international general battery market has more competitors, is as highly competitive and has similar methods of competition.

Competition in the hearing aid battery industry is based upon reliability, performance, quality, product packaging and brand name recognition. The Company's primary competitors in the hearing aid battery industry include Duracell, Energizer and Panasonic. The battery-powered lighting device industry is also very competitive and includes a greater number of competitors (including Black & Decker, Mag-Lite and Energizer) than the U.S. battery industry.

Employees

As of March 28, 1998 the Company had approximately 2,100 full-time employees. The Company believes its relationship with its employees is good and there have been no work stoppages involving Company employees since 1981. A significant number of the Company's factory employees are represented by one of four labor unions. The Company has recently entered into collective bargaining agreements with its Madison, Fennimore, and Portage, Wisconsin employees, which expire in 2000 for Madison and Fennimore employees and in 2002 for Portage employees. The Company also recently entered into a collective bargaining agreement with its Washington, United Kingdom employees which expires in December 1998.

Properties and Equipment

The following table sets forth information regarding the Company's manufacturing sites in the United States and the United Kingdom:

Location	Product	Owned/Leased	Square Feet
Fennimore, WI	Alkaline batteries and Renewal rechargeable batteries	Owned	176,000
Madison, WI	Heavy duty and general purpose batteries	Owned	158,000
Washington, UK	Zinc air button cells	Leased	63,000
Portage, WI	Zinc air and silver button cells	Owned	62,000
Appleton, WI	Lithium coin cells and alkaline computer batteries	Owned	60,600
Wonewoc, WI	Battery-powered lighting products and lantern batteries	Leased	60,000

The Company also leases approximately 250,000 square feet of space in Madison, Wisconsin for its corporate headquarters and technology center.

From fiscal 1993 through fiscal 1995 the Company has invested in all of its major battery facilities. During this period, the Company invested approximately $33 million in connection with the Fennimore Expansion.

Additional investments in zinc air battery production have helped to increase output and precision of assembly as well as to increase the capacity of critical component manufacturing. Investments in lithium coin cell production have been used to build capacity for newly developed sizes of lithium coin cells as well as to increase capacity of the largest volume sizes of such cells. As part of the Company's recently announced restructuring, the Madison, Wisconsin plant will phase out the manufacture of heavy duty batteries, which will be sourced from other suppliers, and the Appleton, Wisconsin plant will be closed with the manufacturing operations moved to Portage. In addition, in March 1998 the Company agreed to purchase from Matsushita a new high speed alkaline battery manufacturing production line for its Fennimore, Wisconsin plant, which is expected to increase the Company's production capacity for AA size batteries by up to 50%.

The following table sets forth information regarding the Company's packaging and distribution sites:

Location	Owned/Leased	Square Feet
Middleton, WI	Leased	220,000
Newton Aycliffe, UK	Leased	75,000
Laverne, TN	Leased	73,000
Hayward, CA	Leased	30,000
Billinghausen, GER	Owned	5,000

As part of the recently announced restructuring, the Company will centralize its packaging operations into one location at its Madison, Wisconsin plant and will close its Newton Aycliffe, UK facility. In addition, in March 1998 the Company sold its Kinston, North Carolina facility. The Company believes that its facilities, in general, are adequate for its present and currently foreseeable needs.

Environmental Matters

The Company's facilities are subject to a broad range of federal, state, local and foreign laws and regulations relating to the environment, including those governing discharges to the air and water and land, the handling and disposal of solid and hazardous substances and wastes, and the remediation of contamination associated with releases of hazardous substances at Company facilities and at off-site disposal locations. The Company has a proactive environmental management program that includes the use of periodic comprehensive environmental audits to detect and correct practices that may violate environmental laws or are inconsistent with best management practices. Based on information currently available to Company management, the Company believes that it is substantially in compliance with applicable environmental regulations at its facilities, although no assurance can be provided with respect to such compliance in the future. There are no pending proceedings against the Company alleging that the Company is or has been in violation of environmental laws, and the Company is not aware of any such proceedings contemplated by governmental authorities. The Company is, however, subject to certain proceedings under CERCLA or analogous state laws, as described below.

The Company has from time to time been required to address the effect of historic activities on the environmental condition of its properties, including without limitation the effect of releases from underground storage tanks. Several Company facilities have been in operation for decades and are constructed on fill that includes, among other materials, used batteries containing various heavy metals. The Company has accepted a deed restriction on one such property in lieu of conducting remedial activities, and may consider similar actions at other properties if appropriate. Although the Company is currently engaged in remedial projects at a few of its facilities, the Company does not expect that such projects will cause it to incur material expenditures. Nonetheless, the Company has not conducted invasive testing to identify all potential risks and, given the age of the Company's facilities and the nature of the Company's operations, there can be no assurance that the Company will not incur material liabilities in the future with respect to its current or former facilities.

The Company has applied to TDEC for participation in TDEC's Voluntary Cleanup Oversight and Assistance Program with respect to the Company's former manganese processing facility in Covington, Tennessee. Pursuant to this program, TDEC will conduct a site investigation to determine the extent of the cleanup required at the Covington facility, however, there can be no assurance that participation in this program will preclude this site from being added to the National Priorities List as a Superfund site. Groundwater monitoring conducted pursuant to the post-closure maintenance of solid waste lagoons on site, and recent groundwater testing beneath former process areas on site, indicate that there are elevated levels of certain inorganic contaminants, particularly (but not exclusively) manganese, in the groundwater underneath the site. The Company has completed closure of the

aforementioned lagoons and has completed the remediation of a stream that borders the site. The Company cannot predict the outcome of TDEC's investigation of the site and there can be no assurance that the Company will not incur material liabilities in the future with respect to this site.

The Company has been and is subject to several proceedings related to its disposal of industrial and hazardous waste at off-site disposal locations, under CERCLA or analogous state laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for the costs incurred in responding to the release or threatened release of hazardous substances from such sites. Current and former owners and operators of such sites, and transporters of waste who participated in the selection of such sites, are also strictly liable for such costs. Liability under CERCLA is generally "joint and several," so that a responsible party under CERCLA may be held liable for all of the costs incurred at a particular site. However, as a practical matter, liability at such sites generally is allocated among all of the viable responsible parties. Some of the most significant factors for allocating liabilities to persons that disposed of wastes at Superfund sites are the relative volume of waste such persons sent to the site and the toxicity of such waste. Other than the Velsicol Chemical and Morton International proceedings described below (as to which there is insufficient information to make a judgment as to the likelihood of a material impact on the Company's operations, financial condition or liquidity at this time), the Company does not believe that any of its pending proceedings under CERCLA or analogous state laws, either individually or in the aggregate, will have a material impact on the Company's operations, financial condition or liquidity, and the Company is not aware of any such matters contemplated by governmental agencies that will have such an impact. However, the Company may be named as a PRP at additional sites in the future, and the costs associated with such additional or existing sites may be material. In addition, certain of the Company's facilities have been in operation for decades and, over such time, the Company and other prior operators of such facilities have generated and disposed of wastes which are or may be considered hazardous such as cadmium and mercury utilized in the battery manufacturing process.

The Company has been named as a defendant in two lawsuits in connection with a Superfund site located in Bergen County, New Jersey (Velsicol Chemical Corporation, et al, v. A.E. Staley Manufacturing Company, et al., and Morton International, Inc. v. A.E. Staley Manufacturing Company, et al., United States District Court for the District of New Jersey, filed July 29, 1996). The Company is one of approximately 50 defendants named in these cases. Both cases involve contamination at a former mercury processing plant. One case was brought by the current owner and the other case by a former owner. The complaints in the two cases are identical, with four counts alleging claims for contribution under CERCLA, the New Jersey Spill Act, the Federal Declaratory Judgment Act and the common law. The plaintiffs allege that the Company arranged for the treatment or disposal of hazardous substances at the site. Consequently, the plaintiffs allege, the Company is liable to them for contribution toward the costs of investigating and remediating the site.

No ad damnum is specified in either complaint. The Remedial Investigation/Feasibility Study ("RI/FS") of the site was commenced in the fall of 1997. Plaintiff's counsel estimates the cost of the RI/FS to be $4 million. There is no estimate at this juncture as to the potential cost of remediation. The Company is one of approximately 50 defendants who allegedly arranged for treatment or disposal at the site. The remaining defendants are former owners or operators of the site and adjacent industrial facilities which allegedly contributed to the contamination. Evidence developed in discovery to date indicates that while the Company was a customer of the facility, the relationship was of relatively brief duration. The cost to remediate the Bergen County Site has not been determined and the Company cannot predict the outcome of these proceedings. See "Risk Factors--Environmental Matters."

There can be no assurances that additional proceedings relating to off-site disposal locations will not arise in the future or that such proceedings will not have a material adverse effect on the Company's business, financial condition or results of operations. The discovery of previously unknown contamination of property underlying or in the vicinity of the Company's manufacturing facilities could require the Company to incur material unforeseen expenses. Occurrences of any such events may have a material adverse effect on the Company's financial condition. See "Risk Factors--Environmental Matters." As of March 28, 1998 the Company has reserved $1.6 million for known on-site and off-site environmental liabilities. The Company believes these reserves are adequate, although there can be no assurance that this amount will ultimately be adequate to cover such matters.

Legal Proceedings

In the ordinary course of business, various suits and claims are filed against the Company. The Company has been named as a defendant in two lawsuits in connection with a Superfund site located in Bergen County, New Jersey (Velsicol Chemical Corporation, et al. v. A.E. Staley Manufacturing Company, et al. and Morton International, Inc. v. A.E. Staley Manufacturing Company, et al., United States District Court for the District of New Jersey, filed July 29, 1996). For a discussion of the principal parties, the factual basis alleged to underlie the proceedings and the relief sought, see "Business--Environmental Matters." See also "Risk Factors--Environmental Matters." Other than the Velsicol Chemical and Morton International proceedings (as to which there is insufficient information to make a judgment as to the likelihood of a material impact on the Company's business or financial condition at this time), the Company is not party to any legal proceedings which, in the opinion of management of the Company, are material to the Company's business or financial condition.

MANAGEMENT

Directors and Executive Officers

Set forth below is certain information regarding each director and executive officer of the Company as of April 30, 1998:

Name	Age	Position and Offices
David A. Jones	48	Chairman of the Board and Chief Executive Officer
Kent J. Hussey	52	President, Chief Operating Officer and Director
Roger F. Warren	57	President/International and Contract MicroPower and Director
Trygve Lonnebotn	60	Executive Vice President of Operations and Director
Stephen P. Shanesy	41	Executive Vice President and General Manager of General Batteries and Lights
Kenneth V. Biller	51	Senior Vice President of Manufacturing/Supply Chain
Merrell M. Tomlin	47	Senior Vice President of Sales
Randall J. Steward	43	Senior Vice President of Finance and Chief Financial Officer
James A. Broderick	54	Vice President, General Counsel and Secretary
Scott A. Schoen	39	Director
Thomas R. Shepherd	68	Director
Warren C. Smith, Jr.	41	Director

Mr. Jones has served as the Chairman of the Board of Directors and Chief Executive Officer of the Company since September 12, 1996. From September 1996 to April 1998 Mr. Jones also served as President of the Company. Between February 1995 and March 1996, Mr. Jones was Chief Operating Officer, Chief Executive Officer and Chairman of the Board of Directors of Thermoscan, Inc., a manufacturer and marketer of infrared ear thermometers for consumer and professional use. From 1989 to September 1994, he served as President and Chief Executive Officer of The Regina Company, a manufacturer of vacuum cleaners and other floor care equipment. Mr. Jones has over 25 years of experience working in the consumer durables industry, most recently in management of operations, manufacturing and marketing.

Mr. Hussey is a director of the Company and has served as President and Chief Operating Officer of the Company since April 1998. Prior to that time and since joining the Company in October 1996, Mr. Hussey was the Executive Vice President of Finance and Administration, Chief Financial Officer and a director of the Company. From 1994 to 1996, Mr. Hussey was Vice President and Chief Financial Officer of ECC International, a producer of industrial minerals and specialty chemicals, and from 1991 to July 1994 he served as Vice President and Chief Financial Officer of The Regina Company.

Mr. Warren is a director of the Company and has served as President/International and Contract MicroPower of the Company since 1995. Mr. Warren joined the Company in 1985 and has held several positions including Executive Vice President and General Manager and Senior Vice President and General Manager/International.

Mr. Lonnebotn is a director of the Company and, since 1985, has served as Executive Vice President of Operations. He joined Rayovac in 1965.

Mr. Shanesy has been the Executive Vice President and General Manager of General Batteries and Lights of the Company since April 1998. Prior to that time and from December 1997, Mr. Shanesy served as Senior Vice President of Marketing and the General Manager of General Batteries and Lights of the Company. From January 1998 to December 1996, Mr. Shanesy was the Senior Vice President of Marketing and the General Manager of General Batteries. From 1993 to 1996 Mr. Shanesy was Vice President of Marketing of Oscar Mayer and from 1991 to 1993 he was the Director of Marketing of Oscar Mayer. Prior to that time and since 1983, Mr. Shanesy held various marketing positions with Kraft Foods.

Mr. Biller has been the Senior Vice President of Manufacturing/Supply Chain since January 1998. Prior to that time and since 1996 he was the Senior Vice President and General Manager of Lighting Products & Industrial and was Vice President and General Manager of Lighting Products & Industrial since 1995. Mr. Biller joined the

Company in 1972 and has held several positions, including Director of Technology/Battery Products and Vice President of Manufacturing.

Mr. Tomlin is the Senior Vice President of Sales of the Company. From March 1996 to September 30, 1996, Mr. Tomlin served as Vice President Sales of Braun of North America/Thermoscan and from August 1995 to March 1996, he served as Vice President Sales of Thermoscan, Inc. Prior to that time, Mr. Tomlin was Vice President of Sales of various divisions of Casio Electronics.

Mr. Steward has been the Senior Vice President of Finance and Chief Financial Officer of the Company since April 1998. Mr. Steward joined the Company in March of 1998 as Senior Vice President of Corporate Development. From September 1997 to March 1998 Mr. Steward worked as an independent consultant, primarily with Thermoscan, Inc. and Braun AG assisting with financial and operational issues. From March 1996 to September 1997, Mr. Steward served as President and General Manager of Thermoscan, Inc. From January 1992 to March 1996, he served as Executive Vice President of Finance and Administration and Chief Financial Officer of Thermoscan, Inc. Prior to January 1991, Mr. Steward was a Finance Director for a division of Medtronic Inc.

Mr. Broderick is Vice President, General Counsel and Secretary for Rayovac and has held these positions since 1985.

Mr. Schoen has been a director of the Company since the Recapitalization and is a Managing Director of THL Co., which he joined in 1986. In addition, Mr. Schoen is a Vice President of Thomas H. Lee Advisors I and Thomas H. Lee Advisors II, a Trustee of THL Equity Trust III, the general partner of THL Equity Advisors Limited Partnership III, which is the general partner of Thomas H. Lee Equity Fund III L.P., and a Trustee of THL Equity Trust IV, the general partner of THL Equity Advisors IV, LLC, which is the general partner of Thomas H. Lee Equity Fund IV, L.P. He is also a director of Syratech Corporation, TransWestern Communications Corp. and various private corporations.

Mr. Shepherd has been a director of the Company since the Recapitalization and is a Managing Director of THL Co. and has been engaged as a consultant to THL Co. since 1986. In addition, Mr. Shepherd is an Executive Vice President of Thomas H. Lee Advisors I and an officer of various other THL Co. affiliates. He is also a director of General Nutrition Companies, Inc. and various private corporations.

Mr. Smith has been a director of the Company since the Recapitalization and has been employed by THL Co. since 1990 and currently serves as a Managing Director of THL Co. In addition, Mr. Smith is a Vice President of Thomas H. Lee Advisors I and T.H. Lee Mezzanine II. Mr. Smith is also a Managing Director and Member of THL Equity Advisors Limited Partnership III, which is the general partner of Thomas H. Lee Equity Fund III L.P. and a Managing Director and Member of THL Equity Advisors IV, LLC, which is the general partner of Thomas H. Lee Equity Fund IV, L.P. He is also a director of Finlay Enterprises, Inc., Finlay Fine Jewelry Corporation and various private corporations.

The Company anticipates that it will designate two additional independent persons to the Board of Directors following the Offerings.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information with respect to beneficial ownership of the Common Stock by the Selling Shareholders and each director, executive officer and beneficial owner of more than 5% of the Company's outstanding Common Stock and by all directors and executive officers of the Company as a group, at the date hereof and after giving effect to the sale of the shares of Common Stock offered hereby.

Directors, Executive Officers and 5% Shareholders	Shares of Common Stock Beneficially Owned Prior to the Offerings(2)		Shares Being Offered Hereby(3)	Shares Subject to Over-Allotment Options	Shares of Common Stock Beneficially Owned After the Offerings and Assuming full Exercise of Over-Allotment Options	
	Number of Shares	Percentage of Class			Number of Shares	Percentage of Class
Thomas H. Lee Equity Fund III, L.P.(3) 75 State Street, Ste. 2600 Boston, MA 02109	14,437,064	52.6%	4,746,858	659,098	9,031,108	32.9%
Thomas H. Lee Foreign Fund III, L.P.(3) 75 State Street, Ste. 2600 Boston, MA 02109	894,341	3.3	294,056	40,830	559,455	2.0
THL--CCI Limited Partnership(4) 75 State Street, Ste. 2600 Boston, MA 02109	1,515,753	5.5	498,374	69,199	948,180	3.5
David A. Jones(5)	664,388	2.4	217,357	53,144	392,277	1.4
Kent J. Hussey(6)	144,189	*	42,588	0	101,601	*
Roger F. Warren(7)	629,462	2.3	219,249	53,089	357,124	1.3
Stephen P. Shanesy(8)	105,103	*	33,423	8,093	63,587	*
Kenneth V. Biller(9)	157,193	*	49,987	12,104	95,102	*
Merrell M. Tomlin(10)	89,620	*	28,499	6,901	54,220	*
James A. Broderick(11)	241,399	*	79,174	19,553	142,672	*
Trygve Lonnebotn(12)	502,652	1.8	164,859	40,714	297,079	1.1
Randall J. Steward	7,500	*	0	0	7,500	*
Scott A. Schoen(3)(13)	72,756	*	23,922	3,332	45,502	*
Thomas R. Shepherd(13)	37,894	*	12,459	1,730	23,705	*
Warren C. Smith, Jr.(3)(13)	60,640	*	19,938	2,768	37,934	*
All directors and executive officers of the Company as a group (12 persons)(3)(13)	2,712,796	9.6	892,866	201,625	1,618,302	5.7
Other Officers						
Gary E. Wilson(14)	133,959	*	43,936	6,390	83,633	*
Kenneth G. Drescher(15)	22,075	*	7,240	1,788	13,047	*
Dale R. Tetzlaff(16)	137,572	*	37,000	0	100,572	*
Linda G. Pauls Fleming, as trustee of the Fleming Trust	8,000	*	600	0	7,400	*
Other Selling Shareholders						
17 Other Selling Shareholders, each of whom is selling less than 4,600 shares of Common Stock in the Offerings and will beneficially own on an aggregate basis less than 1% of the outstanding Common Stock after the Offerings	121,777	*	36,800	4,097	80,880	*

*Less than 1%

(1) Addresses are given only for beneficial owners of more than 5% of the outstanding shares of Common Stock.

(2) Unless otherwise noted, the nature of beneficial ownership is sole voting and/or investment power, except to the extent authority is shared by spouses under applicable law. Shares of Common Stock not outstanding

(footnotes continued on following page)

but deemed beneficially owned by virtue of the right of a person or group to acquire them within 60 days are treated as outstanding only for purposes of determining the number and percent of outstanding shares of Common Stock owned by such person or group.

(3) THL Equity Advisors III Limited Partnership ("Advisors"), the general partner of the THL Fund and Thomas H. Lee Foreign Fund III, L.P., THL Equity Trust III ("Equity Trust"), the general partner of Advisors, Thomas H. Lee, Scott A. Schoen, Warren C. Smith, Jr. and other managing directors of THL Co., as Trustees of Equity Trust, and Thomas H. Lee as sole shareholder of Equity Trust, may be deemed to be beneficial owners of the shares of Common Stock held by such Funds. Each of such persons maintains a principal business address at Suite 2600, 75 State Street, Boston, MA 02109. Each of such persons disclaims beneficial ownership of all shares.

(4) THL Investment Management Corp., the general partner of THL-CCI Limited Partnership, and Thomas H. Lee, as director and sole shareholder of THL Investment Management Corp., may also be deemed to be beneficial owners of the shares of Common Stock held by THL-CCI Limited Partnership. Each of such persons maintains a principal business address at Suite 2600, 75 State Street, Boston, MA 02109.

(5) Includes 364,630 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 4,299 shares representing Mr. Jones' proportional interest in the THL Fund, which proportional interest after the Offerings and assuming full exercise of the over-allotment options granted to the Underwriters would be 2,689 shares before giving effect to the allocation of fees and obligations to the THL Fund which allocation would reduce the number of shares representing Mr. Jones' proportional interest in the THL Fund. Mr. Jones disclaims beneficial ownership of these shares. Shares of Common Stock beneficially owned prior to the Offerings also includes 42,606 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(6) Includes 91,158 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 8,419 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(7) Includes 91,158 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 16,922 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(8) Includes 45,579 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 14,757 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(9) Includes 45,579 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 12,134 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(10) Includes 45,579 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 8,386 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(11) Includes 20,000 shares subject to options which are currently exercisable and 7,974 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan.

(12) Includes 68,368 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 15,754 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(13) Represents the proportional interest of such individual in THL-CCI Limited Partnership; in the case of Mr. Smith, also includes 14,229 shares which Mr. Smith may be deemed to beneficially own as a result of Mr. Smith's children's proportional beneficial interest in THL-CCI Limited Partnership. The proportional interests of Mr. Smith's children in THL-CCI Limited Partnership after the Offerings, assuming full exercise of the over-allotment options granted to the Underwriters, would be 8,901 shares.

(14) Includes 20,000 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 7,388 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

(15) Includes 2,075 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan. Shares of Common Stock beneficially owned prior to the Offerings includes 20,000 shares subject to options which are currently exercisable and shares of Common Stock beneficially owned after the Offerings assuming full exercise of the over-allotment options, includes 10,972 shares subject to options which are currently exercisable.

(16) Includes 20,000 shares subject to options which are currently exercisable. Shares of Common Stock beneficially owned prior to the Offerings includes 5,022 shares allocated for the account of such individual pursuant to the Deferred Compensation Plan, all of which are being sold in the Offerings.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following summaries of the principal terms of certain outstanding indebtedness of the Company do not purport to be complete and are subject to the detailed provisions of, and qualified in their entirety by reference to, the respective financing agreements, copies of which have been filed or incorporated by reference as exhibits to the Registration Statement of which this Prospectus is a part and to which exhibits reference is hereby made. Whenever particular provisions of such documents are referred to, such provisions are incorporated by reference as a part of the statements made, and the statements are qualified in their entirety by such reference.

The Amended Credit Agreement

Pursuant to the Amended Credit Agreement, the Company has available senior bank facilities in an aggregate amount of $160.0 million.

The Amended Credit Agreement provides a five-year reducing Revolver Facility of up to $90.0 million under which working capital loans may be made and a $10.0 million sublimit for letters of credit and a five-year amortizing Acquisition Facility of $70.0 million (together, the "Bank Facilities"). The Revolver Facility is reduced by $10.0, $15.0, and $15.0 million, respectively, on December 31, 1999, 2000 and 2001 and expires on December 31, 2002. From March 31, 1999 through December 31, 2000 the quarterly amortization rate will be 5% of the balance outstanding under the Acquisition Facility as of December 31, 1998 (the "Outstanding Balance") and from March 31, 2001 through December 31, 2002 the quarterly amortization rate will be 7.5% of the Outstanding Balance. The Acquisition Facility is subject to quarterly amortization commencing March 31, 1999 through December 31, 2002. As of December 30, 1997, all of the Company's senior term debt was replaced by revolver debt under the Revolver Facility.

Borrowings under the Bank Facilities bear interest, in each case at the Company's option, at Bank of America National Trust and Savings Association's base rate or at IBOR plus .75%. Performance-based reductions and increases of the Bank Facilities' interest rate are available. The Company also incurs standard letter of credit fees to issuing institutions and other standard commitment fees.

The indebtedness outstanding under the Amended Credit Agreement has been guaranteed by ROV Holding, Inc., a wholly-owned subsidiary of the Company, and is secured by all existing and after-acquired personal property of the Company and its domestic subsidiaries, including the stock of all domestic subsidiaries of the Company and any intercompany debt obligations and 65% of the stock of all foreign subsidiaries (other than dormant subsidiaries) held directly by the Company or its domestic subsidiaries, and, subject to certain exceptions, all existing and after-acquired real property.

The Amended Credit Agreement contains financial and other restrictive covenants customary and usual for credit facilities of this type, including those involving maintenance of minimum interest coverage and a required maximum leverage. The Amended Credit Agreement's covenants also restrict the ability of the Company to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, merge or acquire or sell assets, and restrict certain other activities.

"Events of Default" under the Amended Credit Agreement include, among other things, failure to make payments when due, defaults under certain other agreements or instruments of indebtedness, noncompliance with covenants, breaches of representations and warranties, certain bankruptcy or insolvency events, judgments in excess of specified amounts, pension plan defaults, impairment of security interests in collateral, invalidity of guarantees and certain "changes of control" (as defined in the Amended Credit Agreement).

The Notes

Pursuant to the Indenture, the Company issued $100 million of 10-1/4% Senior Subordinated Notes Due 2006 to repay certain bridge financing incurred in connection with the Recapitalization. On March 11, 1997, the Company consummated an offer to exchange such notes for the Notes registered under the Securities Act.

The Notes bear interest at the rate of 10-1/4% per annum, payable semi-annually on May 1 and November 1 of each year and mature on November 1, 2006. The Notes are unsecured senior subordinated general obligations of the Company and are unconditionally guaranteed on an unsecured senior subordinated basis by ROV Holding, Inc. The payment of principal of, premium, if any, and interest on the Notes and the guarantees thereon are

subordinated in right of payment to all existing and future Senior Debt (as defined in the Indenture), including borrowings under the Amended Credit Agreement, whether outstanding on the date of the Indenture or thereafter incurred.

The Notes are not redeemable at the option of the Company prior to November 1, 2001. Thereafter the Notes are subject to redemption at the option of the Company, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning November 1 of the years indicated below:

Year	Percentage
2001	105.125%
2002	103.417
2003	101.708
2004 and thereafter	100.000

In addition, at any time on or before October 22, 1999, the Company may redeem up to 35% of the original aggregate principal amount of the Notes with the net proceeds of a public equity offering at a redemption price equal to 109.25% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of redemption, provided that at least 65% of the original aggregate principal amount of the Notes remains outstanding immediately after such redemption. The Company applied $38.2 million of the net proceeds of the IPO to redeem or repurchase Notes in the aggregate principal amount of $35.0 million.

Each holder of Notes has the right to require the Company to repurchase all or any part of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon upon a change of control of the Company. A change of control for this purpose includes any of the following: (i) any transaction pursuant to which a person or group becomes the beneficial owner of 50% or more of the voting power of the voting stock of the Company, and more of the voting power of the Company than is at that time beneficially owned by the THL Group, (ii) the time at which individuals who were either members of the Board of Directors of the Company as of the date of the Indenture or whose election was approved by such members cease to be a majority of the directors of the Company then in office or (iii) the sale, lease, transfer or other disposition in one or a series of related transactions of all or substantially all the assets of the Company.

The Indenture restricts, among other things, the Company's ability to incur additional indebtedness, pay dividends or make certain other restricted payments, incur liens to secure pari passu or subordinated indebtedness, engage in any sale and leaseback transaction, sell stock of subsidiaries, sell assets, merge or consolidate with any other person, sell, assign, transfer, lease, convey or otherwise dispose of substantially all of the assets of the Company, enter into certain transactions with affiliates, or incur indebtedness that is subordinate in right of payment to any Senior Debt (including indebtedness incurred under the Amended Credit Agreement and any other indebtedness permitted to be incurred under the Indenture) and senior in right of payment to the Notes. The Indenture permits, under certain circumstances, the Company's subsidiaries to be deemed unrestricted subsidiaries and thus not be subject to the restrictions of the Indenture.

The Indenture contains standard events of default, including (i) defaults in the payment of principal, premium or interest, (ii) defaults in the compliance with covenants contained in the Indenture, (iii) cross defaults on more than $5 million of other indebtedness, (iv) failure to pay more than $5 million of judgments and (v) certain events of bankruptcy with respect to the Company and certain of its subsidiaries.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offerings, the Company will have 27,441,266 shares of Common Stock outstanding. The 7,827,507 shares of Common Stock sold in the IPO of the Company's Common Stock in November of 1997 and the 6,500,000 shares to be sold in the Offerings will be freely tradeable without restriction or further registration under the Securities Act, except for any such shares which may be acquired by or shares sold by persons deemed to be "affiliates" of the Company, as such term is defined under the Securities Act, which shares will be subject to the resale limitations of Rule 144. Substantially all other shares will be eligible for resale pursuant to Rule 144 after the Lockup Period.

In general, under Rule 144, as currently in effect, a person (or persons whose shares are required to be aggregated) who has beneficially owned, for at least one year, shares of Common Stock that have not been registered under the Securities Act or that were acquired from an "affiliate" of the Company is entitled to sell within any three-month period the number of shares of Common Stock which does not exceed the greater of one percent of the number of then outstanding shares of Common Stock or the average weekly reported trading volume during the four calendar weeks preceding the sale. Sales under Rule 144 are also subject to certain notice requirements and to the availability of current public information about the Company and must be made in unsolicited brokers' transactions or to a market maker. A person (or persons whose shares are aggregated) who is not an "affiliate" of the Company under the Securities Act during the three months preceding a sale and who had beneficially owned such shares for at least two years is entitled to sell such shares under Rule 144 without regard to the volume, notice, information and manner of sale provisions of such Rule.

An aggregate of 2,497,152 shares of Common Stock are reserved for issuance upon the exercise of outstanding options granted to employees and directors of the Company pursuant to the 1996 Plan and the Incentive Plan. In November 1997, the Company registered on a registration statement on Form S-8 the shares of Common Stock issuable upon the exercise of options granted pursuant to the 1996 Plan and the Incentive Plan. Accordingly, shares issued upon exercise of such options are freely tradeable, except for any shares held by an "affiliate" of the Company.

No predictions can be made of the effect, if any, that sales of shares of Common Stock or the availability of shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of significant amounts of Common Stock or the perception that such sales may occur could adversely affect the prevailing market price of Common Stock, as well as impair the ability of the Company to raise capital through the issuance of additional equity securities. See "Risk Factors--Shares Eligible for Future Sale; Potential for Adverse Effect on Stock Price; Registration Rights."

Notwithstanding the foregoing, in connection with the Offerings, the Selling Shareholders, certain existing shareholders, the Company, its executive officers and directors and the THL Group (holding an aggregate of approximately 13.5 million shares of Common Stock upon consummation of the Offerings) have agreed, subject to certain exceptions, not to directly or indirectly (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of the Common Stock whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch & Co. on behalf of the Underwriters for a period of 90 days after the date of this Prospectus, other than (i) the sale to the Underwriters of the shares of Common Stock under the Underwriting Agreement, (ii) upon the exercise of outstanding stock options or (iii) the issuance of options pursuant to the Company's stock option plans.

In connection with the Recapitalization, the THL Fund and other affiliates of THL Co. which purchased shares of Common Stock pursuant to the Recapitalization, certain other shareholders of the Company and the Company entered into the Shareholders Agreement. The Shareholders Agreement provides for certain restrictions on transfer of the shares beneficially owned by the parties thereto. The Shareholders Agreement also provides that, subject to certain limitations, the THL Group and their permitted transferees have demand registration rights with respect to their shares of Common Stock. The THL Group and certain other shareholders also have certain piggy-back registration rights. See "Risk Factors--Shares Eligible for Future Sale; Potential for Adverse Effect on Stock Price; Registration Rights."

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS

The following is a general discussion of certain United States federal income and estate tax considerations with respect to the ownership and disposition of Common Stock applicable to Non-U.S. Holders. In general, a "Non-U.S. Holder" is any holder other than (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in the United States or under the laws of the United States or of any state, (iii) an estate, the income of which is includable in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and (b) one or more United States persons have the authority to control all substantial decisions of the trust. This discussion is based on current law, which is subject to change (possibly with retroactive effect), and is for general information only. This discussion does not address aspects of United States federal taxation other than income and estate taxation and does not address all aspects of income and estate taxation or any aspects of state, local or non-United States taxes, nor does it consider any specific facts or circumstances that may apply to a particular Non-U.S. Holder (including certain U.S. expatriates). ACCORDINGLY, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND NON-UNITED STATES INCOME AND OTHER TAX CONSIDERATIONS OF HOLDING AND DISPOSING OF SHARES OF COMMON STOCK.

Dividends

In general, dividends paid to a Non-U.S. Holder will be subject to United States withholding tax at a 30% rate of the gross amount (or a lower rate prescribed by an applicable income tax treaty) unless the dividends are either (i) effectively connected with a trade or business carried on by the Non-U.S. Holder within the United States, or (ii) if certain income tax treaties apply, attributable to a permanent establishment in the United States maintained by the Non-U.S. Holder. Dividends effectively connected with such a United States trade or business or attributable to such a United States permanent establishment generally will not be subject to United States withholding tax if the Non-U.S. Holder files certain forms, including Internal Revenue Service Form 4224, with the payor of the dividend, and generally will be subject to United States federal income tax on a net income basis, in the same manner as if the Non-U.S. Holder were a resident of the United States. A Non-U.S. Holder that is a corporation may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the repatriation from the United States of its "effectively connected earnings and profits," subject to certain adjustments. To determine the applicability of a tax treaty providing for a lower rate of withholding under the currently effective United States Treasury Department regulations (the "Current Regulations"), dividends paid to an address in a foreign country are presumed to be paid to a resident of that country absent knowledge to the contrary. Under United States Treasury Department regulations issued on October 6, 1997 (the "Final Regulations") generally effective for payments made after December 31, 1998, a Non-U.S. Holder (including, in certain cases of Non-U.S. Holders that are fiscally transparent entities, the owner or owners of such entities) will be required to provide to the payor certain documentation that such Non-U.S. Holder (or the owner or owners of such fiscally transparent entities) is a foreign person in order to claim a reduced rate of withholding pursuant to an applicable income tax treaty.

Gain on Sale or Other Disposition of Common Stock

In general, a Non-U.S. Holder will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of such holder's shares of Common Stock unless (i) the gain either is effectively connected with a trade or business carried on by the non-U.S. Holder within the United States or, if certain income tax treaties apply, is attributable to a permanent establishment in the United States maintained by the Non-U.S. Holder (and, in either case, the branch profits tax discussed above may also apply if the Non-U.S. Holder is a corporation); (ii) the Non-U.S. Holder is an individual who holds shares of Common Stock as a capital asset and is present in the United States for 183 days or more in the taxable year of disposition, and certain other tests are met; or (iii) the Company is or has been a United States real property holding corporation (a "USRPHC") for United States federal income tax purposes (which the Company does not believe that it is or is likely to become) at any time within the shorter of the five year period preceding such disposition or such Non-U.S. Holder's holding period. If the Company were or were to become a USRPHC at any time during this period, gains realized upon a disposition of Common Stock by a Non-U.S. Holder which did not directly or indirectly own more than 5% of the Common

Stock during this period generally would not be subject to United States federal income tax, provided that the Common Stock is regularly traded on an established securities market.

Estate Tax

Common Stock owned or treated as owned by an individual who is not a citizen or resident (as defined for United States federal estate tax purposes) of the United States at the time of death will be includable in the individual's gross estate for United States federal estate tax purposes unless an applicable estate tax treaty provides otherwise, and therefore may be subject to United States federal estate tax.

Backup Withholding, Information Reporting and Other Reporting Requirements

The Company must report annually to the Internal Revenue Service and to each Non-U.S. Holder the amount of dividends paid to, and the tax withheld with respect to, each Non-U.S. Holder. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of this information also may be made available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the Non-U.S. Holder resides or is established.

Under the Current Regulations, United States backup withholding tax (which generally is imposed at the rate of 31% on certain payments to persons that fail to furnish the information required under the United States information reporting requirements) and information reporting requirements (other than those discussed above under "Dividends") generally will not apply to dividends paid on Common Stock to a Non-U.S. Holder at an address outside the United States. Backup withholding and information reporting generally will apply, however, to dividends paid on shares of Common Stock to a Non-U.S. Holder at an address in the United States, if such holder fails to establish an exemption or to provide certain other information to the payor.

Under the Current Regulations, the payment of proceeds from the disposition of Common Stock to or through a United States office of a broker will be subject to information reporting and backup withholding unless the beneficial owner, under penalties of perjury, certifies, among other things, its status as a Non-U.S. Holder or otherwise establishes an exemption. The payment of proceeds from the disposition of Common Stock to or through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding and information reporting except as noted below. In the case of proceeds from a disposition of Common Stock paid to or through a non-U.S. office of a broker that is (i) a United States person, (ii) a "controlled foreign corporation" for United States federal income tax purposes, or (iii) a foreign person 50% or more of whose gross income from certain periods is effectively connected with a United States trade or business, information reporting (but not backup withholding) will apply unless the broker has documentary evidence in its files that the owner is a Non-U.S. Holder (and the broker has no actual knowledge to the contrary).

Under the Final Regulations, the payment of dividends or the payment of proceeds from the disposition of Common Stock to a Non-U.S. Holder may be subject to information reporting and backup withholding unless such recipient provides to the payor certain documentation as to its status as a Non-U.S. Holder or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded or credited against the Non-U.S. Holder's United States federal income tax liability, if any, provided that the required information is furnished to the Internal Revenue Service in a timely manner.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. are acting as representatives (the "U.S. Representatives") of each of the Underwriters named below (the "U.S. Underwriters"). Subject to the terms and conditions set forth in a U.S. purchase agreement (the "U.S. Purchase Agreement") among the Company, the Selling Shareholders and the U.S. Underwriters, and concurrently with the sale of 1,300,000 shares of Common Stock to the International Managers (as defined below), the Selling Shareholders have agreed to sell to the U.S. Underwriters, and each of the U.S. Underwriters severally and not jointly has agreed to purchase from the Selling Shareholders, the number of shares of Common Stock set forth opposite their respective names below.

U.S. Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Bear, Stearns & Co. Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Smith Barney Inc.	
Total	5,200,000

The Company and the Selling Shareholders have also entered into an international purchase agreement (the "International Purchase Agreement") with certain underwriters outside the United States and Canada (the "International Managers" and, together with the U.S. Underwriters, the "Underwriters") for whom Merrill Lynch International, Bear, Stearns International Limited, Donaldson, Lufkin & Jenrette International and Smith Barney Inc. are acting as lead managers (the "Lead Managers"). Subject to the terms and conditions set forth in the International Purchase Agreement, and concurrently with the sale of 5,200,000 shares of Common Stock to the U.S. Underwriters pursuant to the U.S. Purchase Agreement, the Selling Shareholders have agreed to sell to the International Managers, and the International Managers severally and not jointly have agreed to purchase from the Selling Shareholders, an aggregate of 1,300,000 shares of Common Stock. The price per share and the underwriting discount per share of Common Stock will be identical under the U.S. Purchase Agreement and the International Purchase Agreement.

In the U.S. Purchase Agreement and the International Purchase Agreement, the several U.S. Underwriters and the several International Managers, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such agreement if any of the shares of Common Stock being sold pursuant to such agreement are purchased. Under certain circumstances, under the U.S. Purchase Agreement and the International Purchase Agreement, the commitments of non-defaulting U.S. Underwriters may be increased. The closings with respect to the sale of shares of Common Stock to be purchased by the U.S. Underwriters and International Managers are conditioned upon one another.

The U.S. Representatives have advised the Company that the U.S. Underwriters propose initially to offer the shares of Common Stock to the public at the price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of $ per share of Common Stock. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of Common Stock on sales to certain other dealers. After the Offerings, the public offering price, concession and discount may be changed.

The Selling Shareholders have granted options to the U.S. Underwriters, exercisable for 30 days after the date of this Prospectus, to purchase up to an aggregate of 780,000 additional shares of Common Stock at the price set forth on the cover page of this Prospectus, less the underwriting discount. The U.S. Underwriters may exercise these options solely to cover over-allotments, if any, made on the sale of the Common Stock offered hereby. To the extent that the U.S. Underwriters exercise these options, each U.S. Underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such U.S. Underwriters' initial amount reflected in the foregoing table. The Selling Shareholders also have granted options to the

International Managers, exercisable for 30 days after the date of this Prospectus, to purchase up to an aggregate of 195,000 additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the U.S. Underwriters.

The Company, the Selling Shareholders, and the Company's executive officers and directors, the THL Group and certain other shareholders have agreed, subject to certain exceptions, not to directly or indirectly (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or thereafter acquired by the person or entity executing the agreement or with respect to which the person or entity executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of the Common Stock whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch on behalf of the Underwriters for a period of 90 days after the date of this Prospectus. See "Shares Eligible for Future Sale."

The THL Group, the beneficial owner of more than 10% of the Company's outstanding Common Stock, may be deemed to be an affiliate of Sutro & Co. Incorporated, Tucker Anthony Incorporated and Cleary Gull Reiland & McDevitt Inc., members of the NASD, which may participate in the U.S. Offering and the International Offering. Accordingly, the U.S. Offering and the International Offering will be conducted in accordance with NASD Conduct Rule 2720.

The U.S. Underwriters and the International Managers have entered into an intersyndicate agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, the U.S. Underwriters and the International Managers are permitted to sell shares of Common Stock to each other for purposes of resale at the offering price, less an amount not greater than the selling concession. Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non-Canadian persons, and the International Managers and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to U.S. persons or to Canadian persons or to persons they believe intend to resell to U.S. or Canadian persons, except in the case of transactions pursuant to the Intersyndicate Agreement.

The Common Stock is listed on the New York Stock Exchange under the symbol "ROV."

The Underwriters and International Managers do not intend to confirm sales of the Common Stock offered hereby to any accounts over which they exercise discretionary authority.

The Company and the Selling Shareholders have agreed to indemnify the U.S. Underwriters and the International Managers against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments which the U.S. Underwriters and International Managers may be required to make in respect thereof.

Until the distribution of the Common Stock is completed, rules of the Securities and Exchange Commission (the "Commission") may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the U.S. Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the Offerings, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the U.S. Representatives may reduce that short position by purchasing Common Stock in the open market. The U.S. Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might have been in the absence of such purchases.

None of the Company, the Selling Shareholders or any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price

of the Common Stock. In addition, none of the Company, the Selling Shareholders or any of the Underwriters makes any representation that the U.S. Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Donaldson, Lufkin & Jenrette Securities Corporation and its affiliate, DLJ Capital Funding, Inc., have provided from time to time, and may provide in the future, commercial and investment banking services to the Company and its affiliates, including in connection with the Credit Agreement between the Company, BA Securities, Inc., Donaldson, Lufkin & Jenrette Securities Corporation and its affiliate DLJ Capital Funding, Inc. as arrangers for a group of financial institutions and accredited investors which provided the Company with senior bank facilities in an aggregate amount of $170 million.

LEGAL MATTERS

The validity of the issuance of the shares of Common Stock offered hereby and certain legal matters for the Selling Shareholders will be passed upon by DeWitt Ross & Stevens s.c., Madison, Wisconsin. Certain other legal matters relating to the Offering will be passed upon for the Company and the Selling Shareholders by Skadden, Arps, Slate, Meagher & Flom LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Underwriters by Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York. Fried, Frank, Harris, Shriver & Jacobson will rely on the opinion of DeWitt Ross & Stevens s.c. as to certain matters of Wisconsin law.

EXPERTS

The financial statements and schedule of the Company and Subsidiaries as of September 30, 1997, and for the year then ended, have been included or incorporated by reference herein in reliance upon the reports of KPMG Peat Marwick LLP, independent certified public accountants, appearing elsewhere or incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of the Company and Subsidiaries as of June 30, 1996 and as of September 30, 1996 and for each of the years in the two-year period ended June 30, 1996, and the Transition Period ended September 30, 1996 have been included herein in reliance upon the report of Coopers & Lybrand L.L.P., independent certified public accountants, appearing elsewhere herein, given upon the authority of said firm as experts in accounting and auditing.

In June 1997, KPMG Peat Marwick LLP replaced Coopers & Lybrand L.L.P. as the Company's independent accountants. The decision to engage KPMG Peat Marwick LLP was made with the approval of the Company's Audit Committee.

The Company believes, and it has been advised by Coopers & Lybrand L.L.P. that it concurs in such belief, that, during the period of its engagement, the Company and Coopers & Lybrand L.L.P. did not have any disagreement on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Coopers & Lybrand L.L.P., would have caused it to make reference in connection with its report on the Company's financial statements to the subject matter of the disagreement.

The report of Coopers & Lybrand L.L.P. on the Company's consolidated financial statements as of June 30, 1995 and 1996 and as of September 30, 1996 and for each of the years in the two-year period ended June 30, 1996, and the Transition Period ended September 30, 1996, did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. During that period and through the date of their termination there were no "reportable events" within the meaning of Item 304(a)(1)(v) of Regulation S-K promulgated under the Securities Act.

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith files periodic reports and other information with the Commission. The Company has filed with the Commission the Registration Statement under the Securities Act with respect to the shares of Common Stock being offered in the Offerings. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits and schedules thereto, to which reference is hereby made. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete; with respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description thereof. Such reports, the Registration Statement and other exhibits and other information omitted from this Prospectus may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and will also be available for inspection and copying at the regional offices of the Commission located at 7 World Trade Center, New York, New York 10048 and at Northwestern Atrium Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661. Copies of such material may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additionally, the Commission maintains a World Wide Web site at (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission through the Electronic Data Gathering, Analysis and Retrieval System. Such reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The Company intends to furnish its shareholders with annual reports containing audited financial statements of the Company and quarterly reports containing unaudited financial information for the Company for the first three fiscal quarters of each fiscal year.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, which have been filed with the Commission, are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1997;

(2) The Company's Quarterly Reports on Form 10-Q for the quarterly periods ended December 27, 1997 and March 28, 1998; and

(3) The description of the Common Stock contained in the Company's Registration Statement on Form 8-A filed under Section 12 of the Exchange Act dated November 11, 1997.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the Offerings made hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of the filing of such documents. Any statement contained in this Prospectus, in a supplement to this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed supplement to this Prospectus or in any document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents unless such exhibits are specifically incorporated by reference in such documents. Requests for such copies should be directed to: Rayovac Corporation, 601 Rayovac Drive, Madison, Wisconsin, 53711-2497, Attention: James A. Broderick, Vice President, General Counsel and Secretary (Telephone: (608) 275-3340).

[THIS PAGE INTENTIONALLY LEFT BLANK]

RAYOVAC CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Independent Auditors' Report	F-2
Independent Auditors' Report	F-3
Consolidated Balance Sheets as of June 30, 1996, September 30, 1996 and 1997	F-4
Consolidated Statements of Operations for the years ended June 30, 1995 and 1996, the transition period ended September 30, 1996 and year ended September 30, 1997	F-5
Consolidated Statements of Cash Flows for the years ended June 30, 1995 and 1996, the transition period ended September 30, 1996 and year ended September 30, 1997	F-6
Consolidated Statements of Shareholders' Equity (Deficit) for the years ended June 30, 1994, 1995 and 1996, the transition period ended September 30, 1996 and the year ended September 30, 1997	F-7
Notes to Consolidated Financial Statements	F-8
Unaudited Condensed Consolidated Balance Sheets as of March 28, 1998 and September 30, 1997	F-36
Unaudited Condensed Consolidated Statements of Operations for the three and six months ended March 29, 1997 and March 28, 1998	F-37
Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended March 29, 1997 and March 28, 1998	F-38
Notes to Unaudited Condensed Consolidated Financial Statements	F-39

Independent Auditors' Report

The Board of Directors
Rayovac Corporation:

We have audited the accompanying consolidated balance sheet of Rayovac Corporation and Subsidiaries as of September 30, 1997, and the related consolidated statements of operations, shareholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying consolidated financial statements of Rayovac Corporation and Subsidiaries as of June 30, 1996 and September 30, 1996, and for each of the years ended June 30, 1995 and 1996, and the transition period from July 1, 1996 to September 30, 1996, were audited by other auditors whose report thereon dated November 22, 1996, except for notes 2n and 2r as to which the date is April 1, 1998 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the fiscal year 1997 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rayovac Corporation and Subsidiaries as of September 30, 1997, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

Milwaukee, Wisconsin
October 28, 1997, except as to
note 2n., which is as of April 1, 1998

Independent Auditors' Report

To the Board of Directors of
Rayovac Corporation

We have audited the accompanying consolidated balance sheets of Rayovac Corporation and Subsidiaries as of June 30, 1996 and September 30, 1996, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for each of the two years in the period ended June 30, 1996 and the period July 1, 1996 to September 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rayovac Corporation and Subsidiaries as of June 30, 1996 and September 30, 1996, and the results of their operations and their cash flows for each of the two years in the period ended June 30, 1996 and the period July 1, 1996 to September 30, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Milwaukee, Wisconsin
November 22, 1996,
except for notes 2n and 2r
as to which the date is
April 1, 1998

RAYOVAC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	June 30, 1996	September 30, 1996	September 30, 1997
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,190	$ 4,255	$ 1,133
Receivables:			
Trade accounts receivable, net of allowance for doubtful receivables of $786, $722 and $1,221, respectively	55,830	62,320	76,590
Other	2,322	4,156	3,079
Inventories	66,941	70,121	58,551
Deferred income taxes	5,861	9,158	9,099
Prepaid expenses and other	4,975	4,864	5,928
Total current assets	138,119	154,874	154,380
Property, plant and equipment, net	73,181	68,640	65,511
Deferred charges and other	9,655	7,413	7,713
Debt issuance costs	173	12,764	9,277
Total assets	$221,128	$ 243,691	$ 236,881
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Current maturities of long-term debt	$ 11,631	$ 8,818	$ 23,880
Accounts payable	38,695	46,921	57,259
Accrued liabilities:			
Wages and benefits	6,126	5,894	9,343
Accrued interest	1,890	631	5,613
Recapitalization and other special charges	--	14,942	4,612
Other	16,557	13,019	19,856
Total current liabilities	74,899	90,225	120,563
Long-term debt, net of current maturities	69,718	224,845	183,441
Employee benefit obligations, net of current portion	12,141	12,138	11,291
Deferred income taxes	2,584	142	735
Other	162	2,061	1,446
Total liabilities	159,504	329,411	317,476
Shareholders' equity (deficit):			
Common stock, $.01 par value, authorized 90,000 shares; issued 50,000 shares; outstanding 49,500, 20,470 and 20,581 shares, respectively	500	500	500
Rayovac International Corporation common stock, $.50 value, authorized 18 shares; issued and outstanding 10 shares at June 30, 1996	5	--	--
Additional paid-in capital	12,000	15,970	15,974
Foreign currency translation adjustment	1,650	1,689	2,270
Notes receivable from officers/shareholders	--	(500)	(1,658)
Retained earnings	48,002	25,143	31,321
	62,157	42,802	48,407
Less stock held in trust for deferred compensation plan, 160 shares	--	--	(962)
Less treasury stock, at cost, 500, 29,530 and 29,419 shares, respectively	(533)	(128,522)	(128,040)
Total shareholders' equity (deficit)	61,624	(85,720)	(80,595)
Total liabilities and shareholders' equity (deficit)	$221,128	$ 243,691	$ 236,881

See accompanying notes to consolidated financial statements.

RAYOVAC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)

	Year ended June 30, 1995	Year ended June 30, 1996	Transition Period ended September 30, 1996	Year ended September 30, 1997
Net sales	$ 415,224	$ 423,354	$ 101,880	$ 432,552
Cost of goods sold	237,126	239,343	59,242	234,569
Gross profit	178,098	184,011	42,638	197,983
Operating expenses:				
Selling	108,703	116,525	27,796	122,055
General and administrative	32,861	31,767	8,628	32,205
Research and development	5,005	5,442	1,495	6,196
Recapitalization charges	--	--	12,326	--
Other special charges	--	--	16,065	3,002
	146,569	153,734	66,310	163,458
Income (loss) from operations	31,529	30,277	(23,672)	34,525
Interest expense	8,644	8,435	4,430	24,542
Other expense, net	230	552	76	378
Income (loss) before income taxes and extraordinary item	22,655	21,290	(28,178)	9,605
Income tax expense (benefit)	6,247	7,002	(8,904)	3,419
Income (loss) before extraordinary item	16,408	14,288	(19,274)	6,186
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of $777	--	--	(1,647)	--
Net income (loss)	$ 16,408	$ 14,288	$ (20,921)	$ 6,186
Basic net income (loss) per commons share:				
Income (loss) before extraordinary item	$ 0.33	$ 0.29	$ (0.44)	$ 0.30
Extraordinary item	--	--	(0.04)	--
Net income (loss)	$ 0.33	$ 0.29	$ (0.48)	$ 0.30
Weighted average shares of common stock outstanding	50,000	49,643	43,820	20,530
Diluted net income (loss) per common share:				
Income (loss) before extraordinary item	$ 0.33	$ 0.29	$ (0.44)	$ 0.30
Extraordinary item	--	--	(0.04)	--
Net income (loss)	$ 0.33	$ 0.29	$ (0.48)	$ 0.30
Weighted average shares of common stock and equivalents outstanding	50,000	49,643	43,820	20,642

See accompanying notes to consolidated financial statements.

RAYOVAC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands, except per share amounts)

	Year ended June 30, 1995	Year ended June 30, 1996	Transition Period ended September 30, 1996	Year ended September 30, 1997
Cash flows from operating activities:				
Net income (loss)	$ 16,408	$ 14,288	$ (20,921)	$ 6,186
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Recapitalization and other special charges	--	--	13,449	--
Extraordinary item, loss on early extinguishment of debt	--	--	2,424	--
Amortization of debt issuance costs	103	53	1,609	3,563
Depreciation	11,024	11,932	3,279	11,308
Deferred income taxes	346	3	(5,739)	652
Loss (gain) on disposal of fixed assets	110	(108)	1,289	(326)
Curtailment gain	--	--	--	(2,923)
Changes in assets and liabilities:				
Accounts receivable	(2,537)	(6,166)	(8,940)	(14,794)
Inventories	9,004	(1,779)	(3,078)	11,987
Prepaid expenses and other	(990)	1,148	741	(563)
Accounts payable and accrued liabilities	2,051	(1,526)	(185)	30,905
Accrued recapitalization and other special charges	--	--	14,942	(10,330)
Net cash provided (used) by operating activities	35,519	17,845	(1,130)	35,665
Cash flows from investing activities:				
Purchases of property, plant and equipment	(16,938)	(6,646)	(1,248)	(10,856)
Proceeds from sale of property, plant and equipment	139	298	1,281	52
Net cash provided (used) by investing activities	(16,799)	(6,348)	33	(10,804)
Cash flows from financing activities:				
Reduction of debt	(106,383)	(104,526)	(107,090)	(135,079)
Proceeds from debt financing	85,698	96,252	259,489	108,890
Cash overdraft	3,925	2,339	(2,493)	164
Debt issuance costs	--	--	(14,373)	--
Extinguishment of debt	--	--	(2,424)	--
Proceeds from direct financing lease	--	--	--	100
Distributions from DISC	(1,500)	(5,187)	(1,943)	--
Issuance of stock	--	--	--	271
Acquisition of treasury stock	--	(533)	(127,925)	(3,343)
Exercise of stock options	--	--	--	1,438
Payments on capital lease obligation	--	(295)	(84)	(426)
Net cash provided (used) by financing activities	(18,260)	(11,950)	3,157	(27,985)
Effect of exchange rate changes on cash and cash equivalents	(345)	(2)	5	2
Net increase (decrease) in cash and cash equivalents	115	(455)	2,065	(3,122)
Cash and cash equivalents, beginning of period	2,530	2,645	2,190	4,255
Cash and cash equivalents, end of period	$ 2,645	$ 2,190	$ 4,255	$ 1,133
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 8,789	$ 7,535	$ 7,977	$ 16,030
Cash paid for income taxes	8,821	5,877	419	1,172

See accompanying notes to consolidated financial statements.

RAYOVAC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(Dollars in thousands, except per share amounts)

	Common Stock		Rayovac International Corporation common stock (DISC)		Additional paid-in capital	Foreign currency translation adjustment
	Shares	Amount	Shares	Amount		
Balances at June 30, 1994	50,000	$500	10	$ 5	$12,000	$1,555
Net income	--	--	--	--	--	--
Distributions from DISC	--	--	--	--	--	--
Translation adjustment	--	--	--	--	--	424
Adjustment of additional minimum pension liability	--	--	--	--	--	--
Balances at June 30, 1995	50,000	500	10	5	12,000	1,979
Net income	--	--	--	--	--	--
Distributions from DISC	--	--	--	--	--	--
Translation adjustment	--	--	--	--	--	(329)
Adjustment of additional minimum pension liability	--	--	--	--	--	--
Treasury stock acquired	(500)	--	--	--	--	--
Balances at June 30, 1996	49,500	500	10	5	12,000	1,650
Net loss	--	--	--	--	--	--
Common stock acquired in Recapitalization	(29,030)	--	--	--	--	--
Exercise of stock options	--	--	--	--	3,970	--
Increase in cost of existing treasury stock	--	--	--	--	--	--
Note receivable from officers/shareholders	--	--	--	--	--	--
Termination of DISC	--	--	(10)	(5)	--	--
Translation adjustment	--	--	--	--	--	39
Balances at September 30, 1996	20,470	500	--	--	15,970	1,689
Net income	--	--	--	--	--	--
Sale of common stock	111	--	--	--	4	--
Treasury stock acquired	(556)	--	--	--	--	--
Exercise of stock options and sale of common stock to trust	556	--	--	--	--	--
Notes receivable from officers/shareholders	--	--	--	--	--	--
Adjustment of additional minimum pension liability	--	--	--	--	--	--
Translation adjustment	--	--	--	--	--	581
Balances at September 30, 1997	20,581	$500	--	$--	$15,974	$2,270

	Notes receivable officers/ shareholders	Retained earnings	Stock held in trust	Treasury stock	Total shareholders' equity (deficit)
Balances at June 30, 1994	$ --	$ 23,862	$ --	$ --	$ 37,922
Net income	--	16,408	--	--	16,408
Distributions from DISC	--	(1,500)	--	--	(1,500)
Translation adjustment	--	--	--	--	424
Adjustment of additional minimum pension liability	--	333	--	--	333
Balances at June 30, 1995	--	39,103	--	--	53,587
Net income	--	14,288	--	--	14,288
Distributions from DISC	--	(5,187)	--	--	(5,187)
Translation adjustment	--	--	--	--	(329)
Adjustment of additional minimum pension liability	--	(202)	--	--	(202)
Treasury stock acquired	--	--	--	(533)	(533)
Balances at June 30, 1996	--	48,002	--	(533)	61,624
Net loss	--	(20,921)	--	--	(20,921)
Common stock acquired in Recapitalization	--	--	--	(127,425)	(127,425)
Exercise of stock options	--	--	--	--	3,970
Increase in cost of existing treasury stock	--	--	--	(564)	(564)
Note receivable from officers/shareholders	(500)	--	--	--	(500)
Termination of DISC	--	(1,938)	--	--	(1,943)
Translation adjustment	--	--	--	--	39

Balances at September 30, 1996	(500)	25,143	--	(128,522)	(85,720)
Net income	--	6,186	--	--	6,186
Sale of common stock	--	--	--	482	486
Treasury stock acquired	--	--	--	(3,343)	(3,343)
Exercise of stock options and sale of common stock to trust	--	--	(962)	3,343	2,381
Notes receivable from officers/shareholders	(1,158)	--	--	--	(1,158)
Adjustment of additional minimum pension liability	--	(8)	--	--	(8)
Translation adjustment	--	--	--	--	581
Balances at September 30, 1997	$ (1,658)	$ 31,321	$ (962)	$ (128,040)	$ (80,595)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

1. Description of Business and Recapitalization

Rayovac Corporation and its wholly owned subsidiaries (Company) manufacture and market a variety of battery types including general (alkaline, rechargeables, heavy duty, lantern and general purpose), button cell and lithium. The Company also produces a variety of lighting devices such as flashlights and lanterns. The Company's products are sold primarily to retailers in the United States, Canada, Europe, and the Far East.

Effective as of September 12, 1996, the Company, all of the shareholders of the Company, Thomas H. Lee Equity Fund III L.P. (Lee Fund) and other affiliates of Thomas H. Lee Company (THL Co.) completed a recapitalization of the Company (Recapitalization) pursuant to which: (i) the Company obtained senior financing in an aggregate of $170,000, of which $131,000 was borrowed at the closing of the Recapitalization; (ii) the Company obtained $100,000 in financing through the issuance of senior subordinated increasing rate notes of the Company (Bridge Notes); (iii) the Company redeemed a portion of the shares of common stock held by the former President and Chief Executive Officer of the Company; (iv) the Lee Fund and other affiliates of THL Co. purchased for cash shares of common stock owned by shareholders of the Company; and (v) the Company repaid certain of its outstanding indebtedness, including prepayment fees and penalties. The prepayment fees and penalties paid have been recorded as an extraordinary item in the Consolidated Statements of Operations. Other non-recurring charges of $12,300 related to the Recapitalization were also expensed, including $2,200 in advisory fees paid to the financial advisor to the Company's selling shareholders; various legal and consulting fees of $2,800; and $7,300 of stock option compensation, severance payments and employment contract settlements for the benefit of certain present and former officers, directors and management of the Company. Payment for these costs was or is expected to be as follows: (i) $8,900 was paid prior to September 30, 1996; (ii) $2,815 was paid in fiscal year 1997 and (iii) $585 is expected to be paid in fiscal year 1998.

In 1996, the Company changed its fiscal year end from June 30 to September 30. For clarity of presentation herein, the period from July 1, 1996, to September 30, 1996 is referred to as the "Transition Period Ended September 30, 1996" or "Transition Period."

2. Significant Accounting Policies and Practices

a. Principles of Combination and Consolidation: The consolidated financial statements include the financial statements of Rayovac Corporation and its wholly owned subsidiaries. Rayovac International Corporation, a Domestic International Sales Corporation (DISC) which was owned by the Company's shareholders, was combined with Rayovac Corporation through August 1996, when the DISC was terminated and the net assets distributed to its shareholders. All intercompany transactions have been eliminated. For reporting purposes, all financial statements are referred to as "consolidated" financial statements.

b. Revenue Recognition: The Company recognizes revenue from product sales upon shipment to the customer.

c. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Cash Equivalents: For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

e. Concentrations of Credit Risk, Major Customers and Employees: The Company's trade receivables are subject to concentrations of credit risk as three principal customers accounted for 26%, 24% and 24% of the outstanding trade receivables as of June 30, 1996, and September 30, 1996 and 1997, respectively.

2. Significant Accounting Policies and Practices--Continued

The Company derived 28%, 28%, 25% and 29% of its net sales during the years ended June 30, 1995 and 1996, the Transition Period, and the year ended September 30, 1997, respectively, from the same three customers.

The Company has one customer that represented over 10% of its net sales. The Company derived 16%, 18%, 18%, and 20% of its net sales from this customer during the years ended June 30, 1995 and 1996, the Transition Period, and the year ended September 30, 1997, respectively.

A significant number of the Company's factory employees are represented by one of four labor unions. The Company has recently entered into collective bargaining agreements with its Madison and Fennimore, Wisconsin employees each of which expires in 2000. The Company's collective bargaining agreement with 24 of its Washington, United Kingdom employees is scheduled to expire in December 1997. In addition, the Company's collective bargaining agreements with its 5 Hayward, California and 203 Portage, Wisconsin employees are scheduled to expire in May and July 1998, respectively. The Company believes its relationship with its employees is good and there have been no work stoppages involving Company employees since 1981.

f. Displays and Fixtures: The costs of displays and fixtures are capitalized and recorded as a prepaid asset and charged to expense when shipped to a customer location. Such prepaid assets amount to approximately $1,068, $730 and $1,456 as of June 30, 1996, and September 30, 1996 and 1997, respectively.

g. Inventories: Inventories are stated at lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

h. Property, Plant and Equipment: Property, plant and equipment are stated at cost. Depreciation on plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Depreciable lives by major classification are as follows:

Building and improvements	20-30 years
Machinery, equipment and other	5-20 years

i. Debt Issuance Costs: Debt issuance costs are capitalized and amortized to interest expense over the lives of the related debt agreements.

j. Accounts Payable: Included in accounts payable at June 30, 1996, and September 30, 1996 and 1997, is approximately $7,805, $5,312, and $5,476, respectively, of book overdrafts on disbursement accounts which were replenished prior to the presentation of checks for payment.

k. Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

l. Foreign Currency Translation: Assets and liabilities of the Company's foreign subsidiaries are translated at the rate of exchange existing at year-end, with revenues, expenses, and cash flows translated at the average of the monthly exchange rates. Adjustments resulting from translation of the financial statements are accumulated as a separate component of shareholders' equity (deficit). Exchange gains (losses) on foreign currency transactions aggregating ($112), ($750), ($70), and ($639) for the years ended June 30, 1995 and 1996, the Transition Period, and the year ended September 30, 1997, respectively, are included in other expense, net, in the Consolidated Statements of Operations.

2. Significant Accounting Policies and Practices--Continued

m. Advertising Costs: The Company incurred expenses for advertising of $25,556, $29,976, $7,505 and $24,326 in the years ended June 30, 1995 and 1996, the Transition Period, and the year ended September 30, 1997, respectively. The Company expenses advertising production costs as such costs are incurred.

n. Per Share Data: The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("FAS No. 128"), in Fiscal 1998. This statement replaces the presentation of primary and fully diluted EPS with basic and diluted EPS. Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Basic EPS does not consider common stock equivalents. Diluted EPS reflects the dilution that would occur if convertible debt securities and employee stock options were exercised or converted into common shares or resulted in the issuance of common shares that then shared in the net income of the entity. The computation of diluted EPS uses the "if converted" and "treasury stock" methods to reflect dilution. All prior period EPS data presented has been restated for the adoption of FAS No. 128. The difference between the number of shares used in the two calculations is due to employee stock options.

The Company also complies with certain requirements of the Securities and Exchange Commission with respect to the calculation of earnings per share for initial public offerings.

o. Derivative Financial Instruments: Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures.

The Company uses interest rate swaps to manage its interest rate risk. The net amounts to be paid or received under interest rate swap agreements designated as hedges are accrued as interest rates change and are recognized over the life of the swap agreements, as an adjustment to interest expense from the underlying debt to which the swap is designated. The related amounts payable to, or receivable from, the counterparties are included in accounts payable or accounts receivable. The Company has entered into an interest rate swap agreement which effectively fixes the interest rate on floating rate debt at a rate of 6.16% for notional principal amount of $62,500 through October 1999. The fair value of this contract at September 30, 1997 is ($159).

The Company enters into forward foreign exchange contracts relating to the anticipated settlement in local currencies of intercompany purchases and sales. These contracts generally require the Company to exchange foreign currencies for U.S. dollars. The contracts are marked to market, and the related adjustment is recognized in other expense, net. The related amounts payable to, or receivable from, the counterparties are included in accounts payable or accounts receivable. The Company has approximately $3,100 of forward exchange contracts at September 30, 1997. The fair value at September 30, 1997, approximated the contract value.

The Company is exposed to risk from fluctuating prices for commodities used in the manufacturing process. The Company hedges some of this risk through the use of commodity calls and puts. The Company is buying calls, which allow the Company to purchase a specified quantity of zinc through a specified date for a fixed price, and writing puts, which allow the buyer to sell to the Company a specified quantity of zinc through a specified date at a fixed price. The maturity of, and the quantities covered by, the contracts highly correlate to the Company's anticipated purchases of the commodity. The cost of the calls, and the premiums received from the puts, are amortized over the life of the agreements and are recorded in cost of goods sold, along with the effect of the put and call agreements. At September 30, 1997, the Company has purchased a series of calls with a contract value of approximately $2,800 and sold a series of puts with a contact value of approximately $2,400 for the period from October through March designed to set a ceiling and floor price. While these transactions have no carrying value, the fair value of these contracts was approximately $138 at

2. Significant Accounting Policies and Practices--Continued

September 30, 1997. The Company has a receivable at September 30, 1997, of approximately $222 in the accompanying consolidated balance sheet from the settlement of September contracts.

These fair values represent the estimated amount the Company would receive or pay to terminate agreements at September 30, 1997, taking into consideration current market rates and the current credit worthiness of the counterparties based on dealer quotes. The Company may be exposed to credit loss in the event of nonperformance by the counterparties to these contracts, but does not anticipate such nonperformance.

p. Environmental Expenditures: Environmental expenditures that relate to current ongoing operations or to conditions caused by past operations are expensed. The Company determines its liability on a site by site basis and records a liability at the time when it is probable and can be reasonably estimated. The estimated liability is not reduced for possible recoveries from insurance carriers.

q. Stock Split: In September 1996, the Company's Board of Directors declared a five-for-one stock split. A total of 16,376 additional shares were issued in conjunction with the stock split to shareholders of record. All applicable share and per share amounts herein have been restated to reflect the stock split retroactively.

r. Reclassification: Certain prior year amounts have been reclassified to conform with the current year presentation.

The Company has reclassified certain promotional expenses, previously reported as a reduction of net sales, to selling expense. The amounts which have been reclassified are $24,236 and $23,970 for the years ended June 30, 1995 and 1996, respectively, $6,899 for the Transition Period ended September 30, 1996, and $28,702 for the year ended September 30, 1997.

s. Impact of Recently Issued Accounting Standards: In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, Earnings Per Share (FAS 128). FAS 128 will be effective for periods ending after December 15, 1997, and specifies the computation, presentation, and disclosure requirements for earnings per share. Adoption of this accounting standard is not expected to have a material effect on the earnings per share computations of the Company assuming the current capital structure.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (FAS 130), which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. All items that are required to be recognized under accounting standards as components of comprehensive income are to be reported in a financial statement that is displayed with the same prominence as other financial statements. FAS 130 requires that an enterprise (i) classify items of other comprehensive income by their nature in a financial statement, and (ii) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the equity section of the balance sheet. FAS 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The Company is evaluating the effect of this pronouncement on its consolidated financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (FAS 131), which is effective for financial statements for periods beginning after December 15, 1997. FAS 131 establishes standards for the way public business enterprises are to report information about operating segments in annual financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company is evaluating the effect of this pronouncement on its consolidated financial statements.

3. Inventories

Inventories consist of the following:

	June 30, 1996	September 30, 1996	September 30, 1997
Raw material	$24,238	$25,300	$23,291
Work-in-process	19,081	14,651	15,286
Finished goods	23,622	30,170	19,974
	$66,941	$70,121	$58,551

4. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 1996	September 30, 1996	September 30, 1997
Land, building and improvements	$ 15,469	$ 16,824	$ 10,752
Machinery, equipment and other	117,248	117,754	120,894
Construction in process	5,339	6,232	11,326
	138,056	140,810	142,972
Less accumulated depreciation	64,875	72,170	77,461
	$ 73,181	$ 68,640	$ 65,511

5. Debt

Debt consists of the following:

	June 30, 1996	September 30, 1996	September 30, 1997
Term loan facility	$ --	$105,000	$ 100,500
Revolving credit facility	--	23,500	4,500
Series B Senior Subordinated Notes, due November 1, 2006, with interest at 10-1/4% payable semi-annually	--	--	100,000
Bridge Notes	--	100,000	--
Debt paid September 1996 due to Recapitalization:			
Senior Secured Notes due 1997 through 2002	29,572	--	--
Subordinated Notes due through 2003	7,270	--	--
Revolving credit facility	39,250	--	--
Notes payable in Pounds Sterling to a foreign bank, due on demand, with interest at bank's base rate plus 1.87%	1,242	939	--
Capitalized lease obligation	1,330	1,246	866
Notes and obligations, weighted average interest rate of 5.24% at September 30, 1997	2,685	2,978	1,455
	81,349	233,663	207,321
Less current maturities	11,631	8,818	23,880
Long-term debt	$69,718	$224,845	$ 183,441

5. Debt --Continued

On September 12, 1996, the Company executed a Credit Agreement (Agreement) arranged by BA Securities, Inc., Donaldson, Lufkin & Jenrette Securities Corporation and certain of its affiliates for a group of financial institutions and other accredited investors. The Agreement provides for senior bank facilities, including term and revolving credit facilities in an aggregate amount of $170,000. Interest on borrowings is computed, at the Company's option, based on the Bank of America Illinois' base rate, as defined, (Base Rate) or the Interbank Offering Rate (IBOR).

The term loan facility includes: (i) Tranche A term loan of $55,000, quarterly amortization ranging from $1,000 to $3,750 beginning December 31, 1996, through September 30, 2002, interest at the Base Rate plus 1.5% per annum or at IBOR plus 2.5% per annum (8.49% at September 30, 1997); (ii) Tranche B term loan of $25,000, quarterly amortization amounts of $62.5 during each of the first six years and $5,875 in the seventh year beginning December 31, 1996, through September 30, 2003, interest at the Base Rate plus 2.0% per annum, or IBOR plus 3.0% per annum (8.93% at September 30, 1997); (iii) Tranche C term loan of $25,000, quarterly amortization of $62.5 during each of the first seven years and $5,812.5 during the eighth year beginning December 31, 1996, through September 30, 2004; interest at the Base Rate plus 2.25% per annum or IBOR plus 3.25% per annum (9.10% at September 30, 1997).

The revolving credit facility provides for aggregate working capital loans up to $65,000 through September 30, 2002, reduced by outstanding letters of credit ($10,000 limit), and other existing credit facilities and outstanding obligations (approximately $5,000 at September 30, 1997). Interest on borrowings is at the Base Rate plus 1.5% per annum or IBOR plus 2.5% per annum (10.0% at September 30, 1997). The Company had outstanding letters of credit of approximately $631 at September 30, 1997. A fee of 2.5% per annum is payable on the outstanding letters of credit. The Company also incurs a fee of .25% per annum of the average daily maximum amount available to be drawn on each letter of credit issued. The revolving credit facility must be reduced for 30 consecutive days to no more than $5,000 for the fiscal year ending September 30, 1998, and to zero for any fiscal year thereafter.

The Agreement contains financial covenants with respect to borrowings which include fixed charge coverage, adjusted net worth, and minimum earnings before interest, income taxes, depreciation, amortization. In addition, the Agreement restricts capital expenditures and the payment of dividends. The Company is required to pay a commitment fee of 0.50% per annum on the average daily unused portion of the revolving credit facility. The Tranche A term loan and the revolving credit facility interest rates may be adjusted downward if the Company's leverage ratio, as defined, decreases. Borrowings under the Agreement are collateralized by substantially all the assets of the Company. The Agreement also contains certain mandatory prepayment provisions, one of which requires the Company to pay down $14.5 million by December 29, 1997 due to excess cash flow generated as of September 30, 1997.

On October 22, 1996, the Company completed a private debt offering of 10-1/4% Senior Subordinated Notes due in 2006 (Old Notes) pursuant to an Indenture. In March 1997, the Company exchanged the Old Notes for 10-1/4% Series B Senior Subordinated Notes due in 2006 (New Notes) registered with the Securities and Exchange Commission. The terms of the New Notes are identical in all material respects to terms of the Old Notes. On or after November 1, 2001 or in certain circumstances, after a public offering of equity securities of the Company, the New Notes will be redeemable at the option of the Company, in whole or in part, at prescribed redemption prices plus accrued and unpaid interest.

Upon a change in control, the Company shall be required to repurchase all or any part of the New Notes at a purchase price equal to 101% of the aggregate principal amount. The Company is also required to repurchase all or a portion of the New Notes upon consummation of an asset sale, as defined, in excess of $5,000.

The terms of the New Notes restrict or limit the ability of the Company and its subsidiaries to, among other things, (i) pay dividends or make other restricted payments, (ii) incur additional indebtedness and issue preferred

5. Debt --Continued

stock, (iii) create liens, (iv) incur dividend and other payment restrictions affecting subsidiaries, (v) enter into mergers, consolidations, or sales of all or substantially all of the assets of the Company, (vi) make asset sales, (vii) enter into transactions with affiliates, and (viii) issue or sell capital stock of wholly owned subsidiaries of the Company. Payment obligations under the New Notes are fully and unconditionally guaranteed on a joint and several basis by the Company's directly and wholly owned subsidiary, ROV Holding, Inc. (ROV or Guarantor Subsidiary). The foreign subsidiaries of the Company, which do not guarantee the payment obligations under the New Notes (Nonguarantor Subsidiaries), are directly and wholly owned by ROV. See note 17.

The proceeds from the new Notes were used to pay down the Bridge Notes. The Bridge Notes bore interest at prime plus 3.5%.

The aggregate scheduled maturities of debt are as follows:

Year ending September 30,	
1998	$ 23,880
1999	12,441
2000	10,500
2001	12,500
2002	15,500
Thereafter	132,500
	$207,321

The capitalized lease obligation is payable in Pounds Sterling in installments of $425 in 1998 and $441 in 1999.

The carrying values of the debt instruments noted above are approximately 96% of their estimated fair values.

6. Shareholders' Equity (Deficit)

During the year ended June 30, 1996, the former principal shareholder of the Company granted an officer and a director options to purchase 235 shares of common stock owned by the shareholder personally at exercise prices per share ranging from $3.65 to $5.77 (the book values per share at the respective dates of grant). These options were exercised in conjunction with the Recapitalization and resulted in a charge to earnings of approximately $3,970 during the Transition Period and an increase in additional paid-in capital in the Consolidated Statements of Shareholders' Equity (Deficit).

Treasury stock acquired during the year ended June 30, 1996 was subject to an agreement which provided the selling shareholder with additional compensation for the common stock sold if a change in control occurred within a specified period of time. As a result of the Recapitalization, the selling shareholder was entitled to an additional $564, which is reflected as an increase in treasury stock in the Consolidated Statements of Shareholders' Equity (Deficit).

Retained earnings includes DISC retained earnings of $1,594 at June 30, 1996. In August 1996, the DISC was terminated and the net assets were distributed to its shareholders.

In January 1997, the Company established a trust to fund future payments under a deferred compensation plan. Certain employees eligible to participate in the plan assigned stock options to the plan. The plan exercised the options and purchased 160 shares of the Company's common stock. Shares issued to the trust are valued at $962 and are reflected as a reduction of stockholders' equity in the consolidated balance sheet.

The Company and the former principal shareholder of the Company, entered into a Stock Sale Agreement, dated as of August 1, 1997 pursuant to which the former principal shareholder sold 2,023 shares of common stock at $6.01 per share to the Company and to the Thomas H. Lee Equity Fund III, L.P. (the "Lee Fund") and certain other affiliates of Thomas H. Lee Company ("THL Co.," the Lee Fund and such other affiliates being referred to

herein as the "Lee Group"). The Stock Sale Agreement provides that, among other things, if (i) the Company enters into a business combination or other transaction with a third party whereby less than a majority of the outstanding capital stock of the surviving entity is owned by the Lee Group, and (ii) such business combination or other transaction is the result of negotiations or discussions entered into prior to December 31, 1997 and such combination is consummated prior to June 30, 1998, then the Lee Group will remit to the former principal shareholder all amounts, if any, received by the Lee Group (or any affiliated transferee of shares owned by the Lee Group) from the sale of the shares of common stock to such third party in excess of $6.01 per share. In September 1997, another former shareholder sold 205 shares of common stock to the Company and the Lee Group under similar terms.

On October 22, 1997, the shareholders of the Company approved the authorization of 5,000 shares of Preferred Stock, $.01 par value, and an increase in authorized shares of Common Stock from 90,000 to 150,000.

7. Stock Option Plans

Effective September 1996, the Company's Board of Directors (Board) approved the Rayovac Corporation 1996 Stock Option Plan (1996 Plan) which is intended to afford an incentive to select employees and directors of the Company to promote the interests of the Company. Under the 1996 Plan, stock options to acquire up to 3,000 shares of common stock, in the aggregate, may be granted under either or both a time-vesting or a performance-vesting formula at an exercise price equal to the market price of the common stock on the date of grant. The time-vesting options become exercisable primarily in equal 20% increments over a five year period. The performance-vesting options become exercisable at the end of ten years with accelerated vesting over each of the next five years if the Company achieves certain performance goals. Accelerated vesting may occur upon sale of the Company, as defined in the Plan.

On September 3, 1997, the Board adopted the 1997 Rayovac Incentive Plan (Incentive Plan) which was approved by the Shareholders on October 22, 1997 and expires in August 2007. The Incentive Plan replaces the 1996 Plan and no further awards will be granted under the 1996 Plan other than awards of options for shares up to an amount equal to the number of shares covered by options that terminate or expire prior to being exercised. Under the Incentive Plan, the Company may grant to employees and non-employee directors stock options, stock appreciation rights (SARs), restricted stock, and other stock-based awards, as well as cash-based annual and long-term incentive awards. Accelerated vesting will occur in the event of a change in control, as defined in the Incentive Plan. Up to 3,000 shares of common stock may be issued under the Incentive Plan.

During 1997, the Company adopted the Rayovac Corporation 1997 Stock Option Plan (1997 Plan). Under the 1997 Plan, stock options to acquire up to 665 shares of common stock, in the aggregate, may be granted. The exercise price is $6.01. The 1997 Plan and each option granted thereunder expire no later than November 30, 1997.

A summary of the status of the Company's plan is as follows:

	Transition period ended September 30, 1996		Year ended September 30, 1997	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
Outstanding, beginning of period	--	$ --	1,464	$ 4.39
Granted	1,464	4.30	1,410	5.03
Exercised	--	--	(556)	6.01
Outstanding, end of period	1,464	$ 4.30	2,318	$ 4.33
Options exercisable, end of period	40	$ 1.14	496	$ 4.13

The stock options outstanding on September 30, 1997, have a weighted-average remaining contractual life estimated at 9.5 years.

7. Stock Option Plans --Continued

	Transition period ended September 30, 1996	Year ended September 30, 1997
Weighted-average grant-date fair value of options granted during period	$ 1.92	$ 1.84
Assumptions used:		
Risk-free interest rate	6.78%	6.78%
Expected life	8 years	8 years

The Company applies APB Opinion 25, Accounting for Stock Issued to Employees, and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the Consolidated Statements of Operations. Had the Company recognized compensation expense determined on the fair value at the grant dates for awards under the plans consistent with the method prescribed by FASB Statement No. 123, Accounting for Stock Based Compensation (SFAS No. 123), the Company's net income (loss) and net income (loss) per share, on a pro forma basis, for the Transition Period and the year ended September 30, 1997, would have been ($21,035) and ($0.48) per share and $5,680 and $0.28 per share, respectively. The effects of applying FASB 123 may not be representative of the effects on reported net income (loss) for future years.

8. Income Taxes

Pretax income (loss) (income (loss) before income taxes and extraordinary item) and income tax expense (benefit) consist of the following:

	Years ended June 30, 1995	Years ended June 30, 1996	Transition period ended September 30, 1996	Year ended September 30, 1997
Pretax income (loss):				
United States	$16,505	$17,154	$ (27,713)	$6,214
Outside the United States	6,150	4,136	(2,889)	3,391
Total pretax income (loss)	$22,655	$21,290	$ (30,602)	$9,605
Income tax expense (benefit):				
Current:				
Federal	$ 3,923	$ 5,141	$ (3,870)	$2,926
Foreign	797	1,469	(72)	(176)
State	1,181	389	--	17
Total current	5,901	6,999	(3,942)	2,767
Deferred:				
Federal	799	54	(3,270)	(842)
Foreign	(544)	(57)	(847)	809
State	91	6	(1,622)	685
Total deferred	346	3	(5,739)	652
	$ 6,247	$ 7,002	$ (9,681)	$3,419

8. Income Taxes --Continued

The following reconciles the Federal statutory income tax rate with the Company's effective tax rate:

	Years ended June 30, 1995	Years ended June 30, 1996	Transition period ended September 30, 1996	Year ended September 30, 1997
Statutory Federal income tax rate	35.0%	35.0%	35.0%	35.0%
DISC/FSC commission income	(5.9)	(5.2)	0.4	(1.2)
Effect of foreign items and rate differentials	(4.0)	1.0	(1.2)	0.3
State income taxes, net	3.6	1.1	3.9	4.9
Reduction of prior year tax provision	--	--	--	(3.0)
Nondeductible recapitalization charges	--	--	(6.2)	--
Other	(1.1)	1.0	(0.3)	(0.4)
	27.6%	32.9%	31.6%	35.6%

The components of the net deferred tax asset and types of significant basis differences were as follows:

	June 30, 1996	September 30, 1996	September 30, 1997
Current deferred tax assets:			
Recapitalization charges	$ --	$ 2,991	$ 792
Inventories and receivables	1,395	1,407	1,495
Marketing and promotional accruals	1,498	1,252	3,256
Employee benefits	1,554	1,780	1,509
Environmental accruals	420	752	679
Other	994	976	1,368
Total current deferred tax assets	5,861	9,158	9,099
Noncurrent deferred tax assets:			
Employee benefits	3,053	4,504	4,214
State net operating loss carryforwards...	--	1,249	468
Package design expense	532	523	927
Promotional expense	784	854	594
Other	1,516	1,475	1,753
Total noncurrent deferred tax assets	5,885	8,605	7,956
Noncurrent deferred tax liabilities:			
Property, plant, and equipment	(8,430)	(8,708)	(8,651)
Other	(39)	(39)	(40)
Total noncurrent deferred tax liabilities	(8,469)	(8,747)	(8,691)
Net noncurrent deferred tax liabilities	$ (2,584)	$ (142)	$ (735)

At September 30, 1997, the Company has operating loss carryforwards for state income tax purposes of approximately $6,000, which expire generally in years through 2012.

During 1995, the Company used approximately $3,200 of foreign net operating loss carryforwards for which a deferred tax asset had not been recognized in prior years due to uncertainty regarding future earnings of the subsidiaries to which the carryforwards related. As a result, the Company reversed the valuation allowance of $1,240 recorded at June 30, 1994, in 1995.

8. Income Taxes --Continued

Provision has not been made for United States income taxes on a portion of the undistributed earnings of the Company's foreign subsidiaries (approximately $4,342, $4,216, and $4,737 at June 30, 1996, and September 30, 1996 and 1997, respectively), either because any taxes on dividends would be offset substantially by foreign tax credits or because the Company intends to reinvest those earnings. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon remittance of dividends. It is not practicable to estimate the amount of the deferred tax liability on such earnings.

9. Leases

Future minimum rental commitments under noncancelable operating leases, principally pertaining to land, buildings and equipment, are as follows:

Year ending September 30,	
1998	$ 6,828
1999	5,404
2000	4,455
2001	4,012
2002	4,017
Thereafter	34,112
	$58,828

The above lease commitments include payments under leases for the corporate headquarters facilities and other properties from partnerships in which one of the Company's former shareholders is a partner. Annual minimum rental commitments on the headquarters facility of $2,817 are subject to an adjustment based upon changes in the Consumer Price Index. The leases on the other properties require annual lease payments of $470 subject to annual inflationary increases. All of the leases expire during the years 1998 through 2013.

Total rental expense was $8,189, $8,213, $1,995, and $8,126, for the years ended June 30, 1995 and 1996, the Transition Period, and the year ended September 30, 1997, respectively.

10. Postretirement Pension Benefits

The Company has various defined benefit pension plans covering substantially all of its domestic employees. Plans covering salaried employees provide pension benefits that are based on the employee's average compensation for the five years which yield the highest average during the 10 consecutive years prior to retirement. Plans covering hourly employees and union members generally provide benefits of stated amounts for each year of service. The Company's policy is to fund pension costs at amounts within the acceptable ranges established by the Employee Retirement Income Security Act of 1974.

The Company also has nonqualified deferred compensation agreements with certain of its employees under which the Company has agreed to pay certain amounts annually for the first 15 years subsequent to retirement or to a designated beneficiary upon death. It is management's intent that life insurance contracts owned by the Company will fund these agreements.

10. Postretirement Pension Benefits --Continued

Net periodic pension cost for the aforementioned plans is summarized as follows:

	Years ended June 30, 1995	Years ended June 30, 1996	Transition period ended September 30, 1996	Year ended September 30, 1997
Service cost	$ 1,711	$ 1,501	$2,149	$ 1,705
Interest cost	3,390	3,513	944	3,834
Actual return on plan assets	(2,054)	(7,880)	(605)	(6,191)
Net amortization and deferral	(708)	4,994	(166)	2,763
Curtailment gain	--	--	--	(2,923)
Net periodic pension cost (benefit)	$ 2,339	$ 2,128	$2,322	$ (812)

The following tables set forth the plans' funded status:

	June 30, 1996 Assets exceed accumulated benefits	June 30, 1996 Accumulated benefits exceed assets
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 24,927	$ 19,138
Accumulated benefit obligation	25,576	19,932
Projected benefit obligation	$ 31,462	$ 19,932
Plan assets at fair value, primarily listed stocks, bonds and cash equivalents	32,297	9,349
Projected benefit obligation (in excess of) less than plan assets	835	(10,583)
Unrecognized net gain	(2,341)	(893)
Unrecognized net obligation (asset)	(211)	4,711
Additional minimum liability	--	(3,823)
Pension liability	$ (1,717)	$ (10,588)

	September 30, 1996 Assets exceed accumulated benefits	September 30, 1996 Accumulated benefits exceed assets
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 25,273	$ 19,495
Accumulated benefit obligation	25,930	20,305
Projected benefit obligation	$ 31,910	$ 20,305
Plan assets at fair value, primarily listed stocks, bonds and cash equivalents	32,341	9,364
Projected benefit obligation (in excess of) less than plan assets	431	(10,941)
Unrecognized net gain	(2,147)	(832)
Unrecognized net obligation (asset)	(208)	2,894
Additional minimum liability	--	(2,067)
Contribution	86	756
Pension liability	$ (1,838)	$ (10,190)

10. Postretirement Pension Benefits --Continued

	September 30, 1997	
	Assets exceed accumulated benefits	Accumulated benefits exceed assets
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 42,696	$ 13,326
Accumulated benefit obligation	43,046	13,704
Projected benefit obligation	$ 43,046	$ 13,704
Plan assets at fair value, primarily listed stocks, bonds and cash equivalents	43,212	3,098
Projected benefit obligation (in excess of) less than plan assets	166	(10,606)
Unrecognized net loss (gain)	(1,194)	1
Unrecognized net asset	1,028	1,476
Additional minimum liability	--	(1,486)
Pension liability	$ --	$ (10,615)

Assumptions used in accounting for the aforementioned plans were:

	Years ended June 30,		Transition period ended September 30,	Year ended September 30,
	1995	1996	1996	1997
Discount rate used for funded status calculation	8.0%	7.5%	7.5%	7.5%
Discount rate used for net periodic pension cost calculations	7.5	8.0	7.5	7.5
Rate of increase in compensation levels (salaried plan only)	5.5	5.0	5.0	5.0
Expected long-term rate of return on assets	9.0	9.0	9.0	9.0

During the year ended September 30, 1997, the Company merged two of its defined benefit plans and ceased future benefit accruals. The Company recognized a $2,923 curtailment gain, which is included in other special charges in the consolidated statement of operations. A discount rate of 6.5% was used in the accounting for the curtailed plans. The Company has recorded an additional minimum pension liability of $3,823, $2,067, and $1,486 at June 30, 1996, and September 30, 1996 and 1997, respectively, to recognize the underfunded position of certain of its benefits plans. An intangible asset of $3,582, $1,826, and $1,232 at June 30, 1996, and September 30, 1996 and 1997, respectively, equal to the unrecognized prior service cost of these plans, has also been recorded. The excess of the additional minimum liability over the unrecognized prior service cost of $241 at June 30 and September 30, 1996, and $249 at September 30, 1997, respectively, has been recorded as a reduction of shareholders' equity (deficit).

The Company sponsors a defined contribution pension plan for its domestic salaried employees which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company contributes annually 1% of participants' compensation, and may make additional discretionary contributions. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Company contributions charged to operations, including discretionary amounts, for the years ended June 30, 1995 and 1996, the Transition Period, and September 30, 1997, were $1,273, $ 1,000, $181, and $914, respectively.

11. Other Postretirement Benefit Plan

The Company provides certain health care and life insurance benefits to eligible retired employees. Participants earn retiree health care benefits after reaching age 45 over the next 10 succeeding years of service and remain eligible until reaching age 65. The plan is contributory; retiree contributions have been established as a flat dollar amount with contribution rates expected to increase at the active medical trend rate. The plan is unfunded. The Company is amortizing the transition obligation over a 20-year period.

The following sets forth the plan's funded status reconciled with amounts reported in the Company's consolidated balance sheets:

	June 30, 1996	September 30, 1996	September 30, 1997
Accumulated postretirement benefit obligation (APBO):			
Retirees	$ 723	$ 687	$ 722
Fully eligible active participants	805	820	813
Other active participants	896	970	869
Total APBO	2,424	2,477	2,404
Unrecognized net loss	(1,269)	(1,246)	(1,008)
Unrecognized transition obligation	(641)	(631)	(591)
Accrued postretirement benefit liability	$ 514	$ 600	$ 805

Net periodic postretirement benefit cost includes the following components:

	Years ended June 30, 1995	Years ended June 30, 1996	Transition period ended September 30, 1996	Year ended September 30, 1997
Service cost	$110	$129	$ 58	$249
Interest	85	111	44	179
Net amortization and deferral	40	54	35	138
Net periodic postretirement benefit cost	$235	$294	$137	$566

For measurement purposes, a 9.5% annual rate of increase in the per capita costs of covered health care benefits was assumed for fiscal 1996 and 1997, gradually decreasing to 5.5%. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 30, 1997, by $148 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended September 30, 1997, by $40. A discount rate of 7.5% was used to determine the accumulated postretirement benefit obligation.

12. Business Segment and International Operations

Information about the Company's operations in different geographic areas is summarized follows:

	Years ended June 30, 1995	Years ended June 30, 1996	Transition period ended September 30, 1996	Year ended September 30, 1997
Net sales to unaffiliated customers:				
United States	$ 337,888	$ 341,967	$ 82,329	$ 352,468
Foreign:				
Europe	60,696	64,432	15,304	62,546
Other	16,640	16,955	4,247	17,538
Total	$ 415,224	$ 423,354	$ 101,880	$ 432,552
Transfers between geographic areas:				
United States	$ 26,928	$ 27,097	$ 7,432	$ 28,403
Foreign:				
Europe	1,637	730	422	1,459
Other	49	--	--	--
Total	$ 28,614	$ 27,827	$ 7,854	$ 29,862
Net sales:				
United States	$ 364,816	$ 369,065	$ 89,760	$ 380,872
Foreign:				
Europe	62,333	65,161	15,727	64,004
Other	16,689	16,955	4,247	17,538
Eliminations	(28,614)	(27,827)	(7,854)	(29,862)
Total	$ 415,224	$ 423,354	$ 101,880	$ 432,552
Income (loss) from operations:				
United States	$ 24,335	$ 24,759	$ (20,983)	$ 30,379
Foreign:				
Europe	5,410	5,002	(2,539)	3,759
Other	1,784	516	(150)	387
Total	$ 31,529	$ 30,277	$ (23,672)	$ 34,525
Total assets:				
United States	$ 189,557	$ 192,441	$ 213,730	$ 208,971
Foreign:				
Europe	34,345	33,719	35,065	32,137
Other	16,093	17,532	18,782	17,946
Eliminations	(19,405)	(22,564)	(23,886)	(22,173)
Total	$ 220,590	$ 221,128	$ 243,691	$ 236,881

13. Commitments and Contingencies

The Company has entered into agreements to purchase certain equipment and to pay annual royalties. In a December 1991 agreement, the Company committed to pay $1,500 in January 1992 and annual royalties of $1,500 for the first five years, beginning in 1993, plus $500 for each year thereafter, as long as the related equipment patents are enforceable. In a March 1994 agreement, the Company committed to pay $500 in April 1994 and annual royalties

13. Commitments and Contingencies --Continued

of $500 for five years beginning in 1995. Additionally, the Company has committed to purchase tooling of $957 related to this equipment, $66 for other tooling, at an unspecified date in the future and purchase manganese ore amounting to $120 by March 1998.

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. In addition, the Company, together with other parties, has been designated a potentially responsible party of various third-party sites on the United States EPA National Priorities List (Superfund). The Company provides for the estimated costs of investigation and remediation of these sites when such losses are probable and the amounts can be reasonably estimated. The actual cost incurred may vary from these estimates due to the inherent uncertainties involved. The Company believes that any additional liability in excess of the amounts provided of $1,787, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, liquidity, or cash flow of the Company.

The Company has certain other contingent liabilities with respect to litigation, claims and contractual agreements arising in the ordinary course of business. In the opinion of management, such contingent liabilities are not likely to have a material adverse effect on the financial condition, liquidity or cash flow of the Company.

14. Related Party Transactions

The Company and THL Co. are parties to a Management Agreement pursuant to which the Company has engaged THL Co. to provide consulting and management advisory services for an initial period of five years through September 2001. In consideration of ongoing consulting and management advisory services, the Company will pay THL Co. an aggregate annual fee of $360 plus expenses. Under the Management Agreement and in connection with the closing of the Recapitalization, the Company paid THL Co. and an affiliate $3,250 during the Transition Period. The Company paid THL Co. aggregate fees of $386 for the year ended September 30, 1997.

The Company and a shareholder of the Company (the principal shareholder prior to the Recapitalization) are parties to agreements which include a consulting arrangement and noncompetition provisions. Terms of the agreements required the shareholder to provide consulting services for an annual fee of $200 plus expenses. The term of these agreements runs concurrent with the Management Agreement, subject to certain conditions as defined in the agreements. The Consulting Agreement was terminated August 1, 1997. The Company paid the shareholder $175 for the year ended September 1997.

The Company has notes receivable from officers in the amount of $500 and $1,261 at September 30, 1996 and 1997, respectively, generally payable in five years, which bear interest at 7% to 8%. Since the officers utilized the proceeds of the notes to purchase common stock of the Company, directly or through the exercise of stock options, the notes have been recorded as a reduction of shareholders' equity (deficit). The Company has short-term notes receivable from employees of $397 at September 30, 1997 which were used to purchase common stock of the Company, through the exercise of stock options, and are also classified as a reduction of shareholders' equity (deficit).

15. Other Special Charges

During the year ended September 30, 1997, the Company recorded special charges as follows: (i) $3,900 of charges related to the exit of certain manufacturing operations at the Company's Newton Aycliffe, United Kingdom and Kinston, North Carolina facilities which include severance, outplacement service, other employee benefits and asset write-downs and (ii) $2,000 of charges for organization restructuring in the United States relating to severance, outplacement service, and other employee benefits. These charges are partially offset by a $2,900 gain related to the curtailment of the Company's defined benefit pension plan covering all domestic non-union employees. The Company paid $4,000 of these costs in fiscal 1997 and $1,900 is expected to be paid thereafter.

15. Other Special Charges--Continued

During the Transition Period, the Company recorded special charges as follows: (i) $2,700 of charges related to the exit of certain manufacturing operations, (ii) $1,700 of charges to increase net deferred compensation plan obligations to reflect curtailment of such plans; (iii) $1,500 of charges reflecting the present value of lease payments for land which management has determined will not be used for any future productive purpose; (iv) $6,900 in costs and asset write-downs principally related to changes in product pricing strategies adopted by management subsequent to the Recapitalization; and (v) $3,300 of employee termination benefits and other charges. Payment for these costs was or is expected to be as follows: $7,700 was paid prior to September 30, 1996; $5,600 was paid in fiscal 1997; and $2,800 is expected to be paid thereafter.

16. Quarterly Results (unaudited)

	Quarter Ended			
	December 30, 1995	March 30, 1996	June 30, 1996	September 30, 1996
Net sales	$ 140,707	$ 80,563	$ 94,731	$ 101,880
Gross profit	63,219	34,672	39,495	42,638
Income (loss) before extraordinary item	6,059	310	4,361	(19,274)
Net income (loss)	6,059	310	4,361	(20,921)
Basic net income (loss) per share	0.12	0.01	0.09	(0.48)
Diluted net income (loss) per share	0.12	0.01	0.09	(0.48)

	Quarter Ended			
	December 28, 1996	March 29, 1997	June 29, 1997	September 30, 1997
Net sales	$ 141,922	$ 83,633	$ 95,466	$ 111,531
Gross profit	62,903	36,510	43,249	55,321
Net income (loss)	2,380	(1,720)	2,652	2,874
Basic net income (loss) per share	0.12	(0.08)	0.13	0.14
Diluted net income (loss) per share	0.12	(0.08)	0.13	0.14

17. Consolidated Financial Statements

The following condensed consolidating financial data illustrates the composition of the consolidated financial statements. Investments in subsidiaries are accounted for by the Company on an unconsolidated basis (the Company and the DISC) and the Guarantor Subsidiary using the equity method for purposes of the consolidating presentation. Earnings of subsidiaries are therefore reflected in the Company's and Guarantor Subsidiary's investment accounts and earnings. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions. Separate financial statements of the Guarantor Subsidiary are not presented because management has determined that such financial statements would not be material to investors.

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 1997

	Parent	Guarantor subisidiary	Nonguarantor subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 633	$ 46	$ 454	$ --	$ 1,133
Receivables:					
Trade accounts receivable, net	61,400	--	15,190	--	76,590
Other	8,500	702	2,659	(8,782)	3,079
Inventories	45,003	--	13,722	(174)	58,551
Deferred income taxes	8,664	342	93	--	9,099
Prepaid expenses and other	5,101	--	827	--	5,928
Total current assets	129,301	1,090	32,945	(8,956)	154,380
Property, plant and equipment, net	60,860	--	4,651	--	65,511
Deferred charges and other	8,411	--	612	(1,310)	7,713
Debt issuance costs	9,277	--	--	--	9,277
Investment in subsidiaries	16,111	15,627	--	(31,738)	--
Total assets	$223,960	$16,717	$38,208	$(42,004)	$236,881
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Current maturities of long-term debt	$ 22,000	$ --	$ 1,880	$ --	$ 23,880
Accounts payable	50,797	150	14,847	(8,535)	57,259
Accrued liabilities:					
Wages and benefits	7,766	--	1,577	--	9,343
Accrued interest	5,594	--	19	--	5,613
Recapitalization and other special charges	4,235	--	377	--	4,612
Other	16,182	226	3,448	--	19,856
Total current liabilities	106,574	376	22,148	(8,535)	120,563
Long-term debt, net of current maturities	183,441	--	--	--	183,441
Employee benefit obligations, net of current portion	11,291	--	--	--	11,291
Deferred income taxes	554	--	181	--	735
Other	956	230	260	--	1,446
Total liabilities	302,816	606	22,589	(8,535)	317,476
Shareholders' equity (deficit):					
Common stock	500	--	12,072	(12,072)	500
Additional paid-in capital	15,974	3,525	750	(4,275)	15,974
Foreign currency translation adjustment	2,270	2,270	2,270	(4,540)	2,270
Notes receivable from officers/shareholders	(1,658)	--	--	--	(1,658)
Retained earnings	33,060	10,316	527	(12,582)	31,321
	50,146	16,111	15,619	(33,469)	48,407
Less stock held in trust for deferred compensation	(962)	--	--	--	(962)
Less treasury stock	(128,040)	--	--	--	(128,040)
Total shareholders' equity (deficit)	(78,856)	16,111	15,619	(33,469)	(80,595)
Total liabilities and shareholders' equity (deficit)	$223,960	$16,717	$38,208	$(42,004)	$236,881

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 1997

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Consolidated
Net sales	$380,872	$ --	$81,542	$ (29,862)	$432,552
Cost of goods sold	212,861	--	52,180	(30,472)	234,569
Gross profit	168,011	--	29,362	610	197,983
Operating expenses:					
Selling	104,685	--	17,370	--	122,055
General and administrative	26,039	(817)	5,655	1,328	32,205
Research and development	6,196	--	--	--	6,196
Other special charges	1,348	--	1,654	--	3,002
	138,268	(817)	24,679	1,328	163,458
Income from operations	29,743	817	4,683	(718)	34,525
Interest expense	24,118	--	424	--	24,542
Equity in income of subsidiary	(3,475)	(2,948)	--	6,423	--
Other (income) expense, net	(590)	6	962	--	378
Income before income taxes	9,690	3,759	3,297	(7,141)	9,605
Income tax expense	2,786	284	349	--	3,419
Net income	$ 6,904	$ 3,475	$ 2,948	$ (7,141)	$ 6,186

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 1997

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	$ 34,436	$ (11)	$ 1,240	$--	$ 35,665
Cash flows from investing activities:					
Purchases of property, plant and equipment	(10,113)	--	(743)	--	(10,856)
Proceeds from sale of property, plant and equipment	52	--	--	--	52
Sale (purchase) of equipment and technology	(1,866)	--	1,866	--	--
Net cash provided (used) by investing activities	(11,927)	--	1,123	--	(10,804)
Cash flows from financing activities:					
Reduction of debt	(123,489)	--	(11,590)	--	(135,079)
Proceeds from debt financing	100,000	--	8,890	--	108,890
Cash overdrafts	164	--	--	--	164
Proceeds from direct financing lease	100	--	--	--	100
Issuance of stock	271	--	--	--	271
Acquisition of treasury stock	(3,343)	--	--	--	(3,343)
Exercise of stock options	1,438	--	--	--	1,438
Payments on capital lease obligations	--	--	(426)	--	(426)
Net cash provided (used) by financing activities	(24,859)	--	(3,126)	--	(27,985)
Effect of exchange rate changes on cash and cash equivalents	--	--	2	--	2
Net increase (decrease) in cash and cash equivalents	(2,350)	(11)	(761)	--	(3,122)
Cash and cash equivalents, beginning of period	2,983	57	1,215	--	4,255
Cash and cash equivalents, end of period	$ 633	$ 46	$ 454	$--	$ 1,133

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING BALANCE SHEET
September 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,983	$ 57	$ 1,215	$ --	$ 4,255
Receivables:					
Trade accounts receivable, net	45,614	--	16,706	--	62,320
Other	15,128	162	95	(11,229)	4,156
Inventories	57,615	--	13,303	(797)	70,121
Deferred income taxes	7,888	1,026	244	--	9,158
Prepaid expenses and other	3,457	--	1,407	--	4,864
Total current assets	132,685	1,245	32,970	(12,026)	154,874
Property, plant and equipment, net	61,495	--	7,145	--	68,640
Deferred charges and other	6,815	--	598	--	7,413
Debt issuance costs	12,764	--	--	--	12,764
Investment in subsidiaries	12,056	12,098	--	(24,154)	--
Total assets	$225,815	$13,343	$ 40,713	$ (36,180)	$243,691
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Current maturities of long-term debt	$ 4,500	$ --	$ 4,318	$ --	$ 8,818
Accounts payable	40,830	597	16,505	(11,011)	46,921
Accrued liabilities:					
Wages and benefits	4,759	--	1,135	--	5,894
Accrued interest	618	--	13	--	631
Recapitalization and other special charges	11,645	--	3,297	--	14,942
Other	10,043	484	2,492	--	13,019
Total current liabilities	72,395	1,081	27,760	(11,011)	90,225
Long-term debt, net of current maturities	223,990	--	855	--	224,845
Employee benefit obligations, net of current portion	12,138	--	--	--	12,138
Deferred income taxes	(64)	206	--	--	142
Other	2,061	--	--	--	2,061
Total liabilities	310,520	1,287	28,615	(11,011)	329,411
Shareholders' equity (deficit):					
Common stock	500	--	12,072	(12,072)	500
Additional paid-in capital	15,970	3,525	750	(4,275)	15,970
Foreign currency translation adjustment	1,689	1,689	1,689	(3,378)	1,689
Notes receivable from officers/shareholders	(500)	--	--	--	(500)
Retained earnings	26,158	6,842	(2,413)	(5,444)	25,143
	43,817	12,056	12,098	(25,169)	42,802
Less treasury stock, at cost	(128,522)	--	--	--	(128,522)
Total shareholders' equity (deficit)	(84,705)	12,056	12,098	(25,169)	(85,720)
Total liabilities and shareholders' equity (deficit)	$225,815	$13,343	$ 40,713	$ (36,180)	$243,691

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Transition period ended September 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net sales	$ 89,760	$ --	$ 19,974	$ (7,854)	$ 101,880
Cost of goods sold	53,480	--	13,470	(7,708)	59,242
Gross profit	36,280	--	6,504	(146)	42,638
Operating expenses:					
Selling	23,539	--	4,257	--	27,796
General and administrative	6,508	2	2,109	9	8,628
Research and development	1,495	--	--	--	1,495
Recapitalization charges	12,326	--	--	--	12,326
Other special charges	12,768	-	3,297	--	16,065
	56,636	2	9,663	9	66,310
Loss from operations	(20,356)	(2)	(3,159)	(155)	(23,672)
Interest expense	4,320	--	110	--	4,430
Equity in loss of subsidiary	2,508	2,611	--	(5,119)	--
Other (income) expense, net	(170)	(162)	408	--	76
Loss before income taxes and extraordinary item	(27,014)	(2,451)	(3,677)	4,964	(28,178)
Income tax (benefit) expense	(7,895)	57	(1,066)	--	(8,904)
Loss before extraordinary item	(19,119)	(2,508)	(2,611)	4,964	(19,274)
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of $777	(1,647)	--	--	--	(1,647)
Net loss	$ (20,766)	$(2,508)	$ (2,611)	$ 4,964	$ (20,921)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Transition period ended September 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net cash provided (used) by operating activities	$ (2,078)	$16	$ 932	$--	$ (1,130)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(912)	--	(336)	--	(1,248)
Proceeds from sale of property, plant and equipment	1,281	--	--	--	1,281
Net cash provided (used) by investing activities	369	--	(336)	--	33
Cash flows from financing activities:					
Reduction of debt	(104,138)	--	(2,952)	--	(107,090)
Proceeds from debt financing	256,500	--	2,989	--	259,489
Cash overdraft	(2,493)	--	--	--	(2,493)
Debt issuance costs	(14,373)	--	--	--	(14,373)
Extinguishment of debt	(2,424)	--	--	--	(2,424)
Distributions from DISC	(1,943)	--	--	--	(1,943)
Acquisition of treasury stock	(127,925)	--	--	--	(127,925)
Payments on capital lease obligation	--	--	(84)	--	(84)
Net cash provided (used) by financing activities	3,204	--	(47)	--	3,157
Effect of exchange rate changes on cash and cash equivalents	--	--	5	--	5
Net increase (decrease) in cash and cash equivalents	1,495	16	554	--	2,065
Cash and cash equivalents, beginning of period	1,488	41	661	--	2,190
Cash and cash equivalents, end of period	$ 2,983	$57	$ 1,215	$--	$ 4,255

RAYOVAC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING BALANCE SHEET
June 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,488	$ 41	$ 661	$ --	$ 2,190
Receivables:					
Trade accounts receivable, net	40,138	--	15,692	--	55,830
Other	11,434	318	780	(10,210)	2,322
Inventories	54,486	--	12,951	(496)	66,941
Deferred income taxes	5,439	179	243	--	5,861
Prepaid expenses and other	3,415	--	1,560	--	4,975
Total current assets	116,400	538	31,887	(10,706)	138,119
Property, plant and equipment, net	65,747	--	7,434	--	73,181
Deferred charges and other	9,047	--	608	--	9,655
Debt issuance costs	173	--	--	--	173
Investment in subsidiaries	14,524	14,670	--	(29,194)	--
Total assets	$205,891	$15,208	$39,929	$ (39,900)	$221,128
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Current maturities of long-term debt	$ 7,350	$ --	$ 4,281	$ --	$ 11,631
Accounts payable	32,906	492	15,145	(9,848)	38,695
Accrued liabilities:					
Wages and benefits	5,077	--	1,049	--	6,126
Accrued interest	1,850	--	40	--	1,890
Other	12,768	(14)	3,803	--	16,557
Total current liabilities	59,951	478	24,318	(9,848)	74,899
Long-term debt, net of current maturities	68,777	--	941	--	69,718
Employee benefit obligations, net of current portion	12,141	--	--	--	12,141
Deferred income taxes	2,378	206	--	--	2,584
Other	162	--	--	--	162
Total liabilities	143,409	684	25,259	(9,848)	159,504
Shareholders' equity (deficit):					
Common stock	500	--	12,072	(12,072)	500
Rayovac International Corporation common stock	5	--	--	--	5
Additional paid-in capital	12,000	3,525	750	(4,275)	12,000
Foreign currency translation adjustment	1,650	1,650	1,650	(3,300)	1,650
Retained earnings	48,860	9,349	198	(10,405)	48,002
	63,015	14,524	14,670	(30,052)	62,157
Less treasury stock, at cost	(533)	--	--	--	(533)
Total shareholders' equity (deficit)	62,482	14,524	14,670	(30,052)	61,624
Total liabilities and shareholders' equity (deficit)	$205,891	$15,208	$39,929	$ (39,900)	$221,128

RAYOVAC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Year ended June 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net sales	$369,065	$ --	$82,116	$ (27,827)	$423,354
Cost of goods sold	213,349	--	53,846	(27,852)	239,343
Gross profit	155,716	--	28,270	25	184,011
Operating expenses:					
Selling	99,486	--	17,039	--	116,525
General and administrative	25,967	12	5,775	13	31,767
Research and development	5,442	--	--	--	5,442
	130,895	12	22,814	13	153,734
Income (loss) from operations	24,821	(12)	5,456	12	30,277
Interest expense	7,731	--	704	--	8,435
Equity in income of subsidiary	(2,507)	(2,167)	--	4,674	--
Other (income) expense, net	(51)	(570)	1,173	--	552
Income before income taxes	19,648	2,725	3,579	(4,662)	21,290
Income tax expense	5,372	218	1,412	--	7,002
Net income	$ 14,276	$ 2,507	$ 2,167	$ (4,662)	$ 14,288

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended June 30, 1996

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net cash provided (used) by operating activities	$ 14,449	$ (292)	$ 3,688	$ --	$ 17,845
Cash flows from investing activities:					
Purchases of property, plant and equipment	(6,558)	--	(88)	--	(6,646)
Proceeds from sale of property, plant and equipment	298	--	--	--	298
Net cash provided (used) by investing activities	(6,260)	--	(88)	--	(6,348)
Cash flows from financing activities:					
Reduction of debt	(97,627)	--	(6,899)	--	(104,526)
Proceeds from debt financing	93,600	--	2,652	--	96,252
Cash overdraft	2,339	--	--	--	2,339
Distributions from DISC	(5,187)	--	--	--	(5,187)
Intercompany dividends	--	130	(130)	--	--
Acquisition of treasury stock	(533)	--	--	--	(533)
Payments on capital lease obligation	--	--	(295)	--	(295)
Net cash provided (used) by financing activities	(7,408)	130	(4,672)	--	(11,950)
Effect of exchange rate changes on cash and cash equivalents	--	--	(2)	--	(2)
Net increase (decrease) in cash and cash equivalents	781	(162)	(1,074)	--	(455)
Cash and cash equivalents, beginning of period	707	203	1,735	--	2,645
Cash and cash equivalents, end of period	$ 1,488	$ 41	$ 661	$ --	$ 2,190

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Year ended June 30, 1995

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net sales	$364,816	$ --	$79,022	$ (28,614)	$415,224
Cost of goods sold	214,119	--	51,781	(28,774)	237,126
Gross profit	150,697	--	27,241	160	178,098
Operating expenses:					
Selling	93,935	--	14,768	--	108,703
General and administrative	27,556	(651)	5,872	84	32,861
Research and development	5,005	--	--	--	5,005
	126,496	(651)	20,640	84	146,569
Income from operations	24,201	651	6,601	76	31,529
Interest expense	7,889	--	755	--	8,644
Equity in income of subsidiary	(5,520)	(4,928)	--	10,448	--
Other (income) expense, net	(116)	(319)	665	--	230
Income before income taxes	21,948	5,898	5,181	(10,372)	22,655
Income tax expense	5,616	378	253	--	6,247
Net income	$16,332	$ 5,520	$ 4,928	$ (10,372)	$ 16,408

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued
(In thousands, except per share amounts)

17. Consolidated Financial Statements --Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended June 30, 1995

	Parent	Guarantor subsidiary	Nonguarantor subsidiaries	Eliminations	Combined consolidated
Net cash provided (used) by operating activities	$ 32,394	$ (3,823)	$ 3,737	$ 3,211	$ 35,519
Cash flows from investing activities:					
Purchases of property, plant and equipment	(14,288)	--	(2,650)	--	(16,938)
Proceeds from sale of property, plant and equipment	139	--	--	--	139
Net cash (used) by investing activities	(14,149)	--	(2,650)	--	(16,799)
Cash flows from financing activities:					
Reduction of debt	(100,536)	--	(5,847)	--	(106,383)
Proceeds from debt financing	79,749	--	5,223	726	85,698
Cash overdraft	3,925	--	--	--	3,925
Distributions from DISC	(1,500)	--	--	--	(1,500)
Intercompany dividends	--	3,899	(3,899)	--	--
Net cash provided (used) by financing activities	(18,362)	3,899	(4,523)	726	(18,260)
Effect of exchange rate changes on cash and cash equivalents	--	--	3,592	(3,937)	(345)
Net increase (decrease) in cash and cash equivalents	(117)	76	156	--	115
Cash and cash equivalents, beginning of period	824	127	1,579	--	2,530
Cash and cash equivalents, end of period	$ 707	$ 203	$ 1,735	$ --	$ 2,645

RAYOVAC CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
As of March 28, 1998 and September 30, 1997
(In thousands, except per share amounts)

	March 28, 1998	September 30, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,672	$ 1,133
Receivables	69,079	79,669
Inventories	61,254	58,551
Prepaid expenses and other	14,434	15,027
Total current assets	148,439	154,380
Property, plant and equipment, net	66,889	65,511
Deferred charges and other	26,075	16,990
Total assets	$ 241,403	$ 236,881
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current maturities of long-term debt	$ 4,329	$ 23,880
Accounts payable	50,891	57,259
Accrued liabilities:		
Wages and benefits and other	28,067	34,812
Recapitalization and other special charges	9,856	4,612
Total current liabilities	93,143	120,563
Long-term debt, net of current maturities	125,148	183,441
Employee benefit obligations, net of current portion	6,738	11,291
Other	4,160	2,181
Total liabilities	229,189	317,476
Shareholders' equity (deficit):		
Common stock, $.01 par value, authorized 150,000 and 90,000 shares respectively; issued 56,873 and 50,000 shares respectively; outstanding 27,432 and 20,581 shares, respectively	569	500
Additional paid-in capital	103,155	15,974
Foreign currency translation adjustments	2,307	2,270
Notes receivable from officers/shareholders	(1,361)	(1,658)
Retained earnings	36,898	31,321
	141,568	48,407
Less stock held in trust for deferred compensation plan, 160 shares	(962)	(962)
Less treasury stock, at cost, 29,441 and 29,419 shares, respectively	(128,392)	(128,040)
Total shareholders' equity (deficit)	12,214	(80,595)
Total liabilities and shareholders' equity (deficit)	$ 241,403	$ 236,881

See accompanying notes which are an integral part of these statements.

RAYOVAC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
For the three month and six month periods ended March 28, 1998 and March 29, 1997
(In thousands, except per share amounts)

	Three Months		Six Months	
	1998	1997	1998	1997
Net sales	$ 96,081	$ 83,632	$ 246,076	$ 225,554
Cost of goods sold	50,545	47,123	127,900	126,142
Gross profit	45,536	36,509	118,176	99,412
Selling	28,204	22,592	73,676	61,272
General and administrative	9,102	7,660	17,363	15,264
Research and development	1,509	1,520	3,034	3,430
Other special charges	5,236	1,754	4,017	4,717
Total operating expenses	44,051	33,526	98,090	84,683
Income from operations	1,485	2,983	20,086	14,729
Other expense (income):				
Interest expense	3,291	5,472	8,315	13,446
Other expense (income)	(126)	300	(359)	314
	3,165	5,772	7,956	13,760
Income (loss) before income taxes and extraordinary item	(1,680)	(2,789)	12,130	969
Income tax expense (benefit)	(698)	(1,069)	4,578	309
Income (loss) before extraordinary item	(982)	(1,720)	7,552	660
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of $1,263	--	--	1,975	--
Net income (loss)	$ (982)	$ (1,720)	$ 5,577	$ 660
Average shares outstanding	27,432	20,485	25,476	20,478
Basic earnings per share				
Income (loss) before extraordinary item	$ (0.04)	$ (0.08)	$ 0.30	$ 0.03
Extraordinary item	--	--	(0.08)	--
Net income (loss)	$ (0.04)	$ (0.08)	$ 0.22	$ 0.03
Average shares outstanding and common stock equivalents	27,432	20,485	27,006	20,507
Diluted earnings per share				
Income (loss) before extraordinary item	$ (0.04)	$ (0.08)	$ 0.28	$ 0.03
Extraordinary item	--	--	(0.07)	--
Net income (loss)	$ (0.04)	$ (0.08)	$ 0.21	$ 0.03

See accompanying notes which are an integral part of these statements.

RAYOVAC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the six month periods ended March 28, 1998 and March 29, 1997
(In thousands)

	1998	1997
Cash flows from operating activities:		
Net income	$ 5,577	$ 660
Non-cash adjustments to net income:		
Amortization	1,675	2,772
Depreciation	5,811	5,892
Other non-cash adjustments	(3,453)	(330)
Net changes in other assets and liabilities, net of effects from acquisitions	(5,239)	26,234
Net cash provided by operating activities	4,371	35,228
Cash flows from investing activities:		
Purchases of property, plant and equipment	(6,676)	(2,625)
Proceeds from sale of property, plant and equipment	3,292	--
Payment for acquisitions	(7,508)	--
Other	--	(215)
Net cash used by investing activities	(10,892)	(2,840)
Cash flows from financing activities:		
Reduction of debt	(137,987)	(140,004)
Proceeds from debt financing	59,859	112,243
Proceeds from issuance of common stock	87,268	--
Other	(73)	265
Net cash provided (used) by financing activities	9,067	(27,496)
Effect of exchange rate changes on cash and cash equivalents	(7)	3
Net increase in cash and cash equivalents	2,539	4,895
Cash and cash equivalents, beginning of period	1,133	4,255
Cash and cash equivalents, end of period	$ 3,672	$ 9,150

See accompanying notes which are an integral part of these statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands, except per share amounts)

1. Significant Accounting Policies

Basis of Presentation

These 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 (all of which are normal and recurring in nature) necessary to present fairly the financial position of the Company at March 28, 1998, results of operations for the three and six month periods ended March 28, 1998 and March 29, 1997, and cash flows for the six month periods ended March 28, 1998 and March 29, 1997. Certain information and footnote disclosures normally included in financial statements prepared in accordance with 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 financial statements and notes thereto as of September 30, 1997.

Derivative Financial Instruments

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures.

The Company uses interest rate swaps to manage its interest rate risk. The net amounts to be paid or received under interest rate swap agreements designated as hedges are accrued as interest rates change and are recognized over the life of the swap agreements, as an adjustment to interest expense from the underlying debt to which the swap is designated. The related amounts payable to, or receivable from, the counter-parties are included in accrued liabilities or accounts receivable. The Company has entered into an interest rate swap agreement which effectively fixes the interest rate on floating rate debt at a rate of 6.16% for a notional principal amount of $62,500 through October 1999. The fair value of this contract at March 28, 1998 was ($382).

The Company has entered into an amortizing cross currency interest rate swap agreement related to financing the acquisition of Brisco (as defined herein). The agreement effectively fixes the interest and foreign exchange on floating rate debt denominated in U.S. Dollars at a rate of 5.34% denominated in German Marks. The unamortized notional principal amount at March 28, 1998 is approximately $4,700. The fair value at March 28, 1998 approximated the contract value.

The Company enters into forward foreign exchange contracts relating to the anticipated settlement in local currencies of intercompany purchases and sales. These contracts generally require the Company to exchange foreign currencies for U.S. dollars. The contracts are marked to market and the related adjustment is recognized in other expense (income). The related amounts payable to, or receivable from, the counter-parties are included in accounts payable, or accounts receivable. The Company has approximately $7,700 of such forward exchange contracts at March 28, 1998. The fair value at March 28, 1998, approximated the contract value.

The Company has also entered into foreign exchange contracts to hedge payment obligations denominated in Japanese Yen under a commitment to purchase certain production equipment from Matsushita. The Company has approximately $6,700 of such forward exchange contracts outstanding at March 28, 1998. The fair value at March 28, 1998 approximated the contract value.

The Company is exposed to risk from fluctuating prices for commodities used in the manufacturing process. The Company hedges some of this risk through the use of commodity swaps, calls and puts. The Company has entered into commodity swap agreements which effectively fix the floating price on a specified quantity of zinc through a specified date. The Company is buying calls, which allow the Company to purchase a specified quantity of zinc through a specified date for a fixed price, and writing puts, which allow the buyer to sell to the Company a specified quantity of zinc through a specified date at a fixed price. The maturity of, and the quantities covered by, the contracts highly correlate to the Company's anticipated purchases of the commodity. The cost of the calls,

1. Significant Accounting Policies --Continued

and the premiums received from the puts, are amortized over the life of the agreements and are recorded in cost of goods sold, along with the effect of the swap, put and call agreements. At March 28, 1998, the Company had entered into a series of swap agreements with a contract value of approximately $3,200 for the period from April through December of 1998. At March 28, 1998, the Company had purchased a series of calls with a contract value of approximately $3,000 and sold a series of puts with a contract value of approximately $2,800 for the period from April 1998 through March 1999 designed to set a ceiling and floor price. While these transactions have no carrying value, the fair value of these contracts was approximately ($600) at March 28, 1998.

2. Inventories

Inventories consist of the following:

	March 28, 1998	September 30, 1997
Raw material	$20,450	$23,291
Work-in-process	16,478	15,286
Finished goods	24,326	19,974
	$61,254	$58,551

3. Earnings per Share Disclosure

Earnings per share is calculated based upon the following:

	Three Months Ended March 28, 1998			Three Months Ended March 29, 1997		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Loss before extraordinary item	$ (982)			$ (1,720)		
Basic EPS						
Loss available to common shareholders	$ (982)	27,432	$ (0.04)	$ (1,720)	20,485	$ (0.08)
Diluted EPS						
Loss available to common shareholders plus assumed conversion	$ (982)	27,432	$ (0.04)	$ (1,720)	20,485	$ (0.08)

The effect of unexercised stock options outstanding for the three month periods ending March 28, 1998 and March 29, 1997, were excluded from the diluted EPS calculations as their effect was anti-dilutive. These options may dilute EPS in the future.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--Continued
(Unaudited)
(In thousands, except per share amounts)

3. Earnings per Share Disclosure --Continued

	Six Months Ended March 28, 1998			Six Months Ended March 29, 1997		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Income before extraordinary item	$7,552			$660		
Basic EPS						
Income available to common shareholders	7,552	25,476	$ 0.30	660	20,478	$ 0.03
Effect of Dilutive Securities						
Stock Options		1,530			29	
Diluted EPS						
Income available to common shareholders plus assumed conversion	$7,552	27,006	$ 0.28	$660	20,507	$ 0.03

4. Commitments and Contingencies

The Company has entered into agreements to purchase certain equipment and to pay annual royalties. In a December 1991 agreement, the Company committed to pay annual royalties of $1.5 million for the first five years, beginning in 1993, plus $0.5 million for each year thereafter, as long as the related equipment patents are enforceable (2012). In a March 1994 agreement, the Company committed to pay $0.5 million in 1994 and annual royalties of $0.5 million for five years beginning in 1995. In a March 1998 agreement which supersedes the previous agreements, the Company committed to pay $2.0 million in 1998 and 1999, $3.0 million in 2000 through 2002 and $0.5 million in each year thereafter, as long as the related equipment patents are enforceable (2022). Additionally, the Company has committed to purchase tooling of $0.7 million related to this equipment.

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. In addition, the Company, together with other parties, has been designated a potentially responsible party of various third-party sites on the United States EPA National Priorities List (Superfund). The Company provides for the estimated costs of investigation and remediation of these sites when such losses are probable and the amounts can be reasonably estimated. The actual cost incurred may vary from these estimates due to the inherent uncertainties involved. The Company believes that any additional liability in excess of the amounts provided of $1.6 million, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, liquidity, or cash flows of the Company.

5. Other

During the 1998 Fiscal First Quarter, the Company recorded a pre-tax credit of $1.2 million related to the buyout of deferred compensation agreements with certain former employees.

On November 28, 1997, the Company acquired Brisco GmbH in Germany and Brisco B.V. in Holland (collectively "Brisco"), a distributor of hearing aid batteries for $4.9 million. Brisco recorded calendar 1997 sales of $4.5 million.

5. Other --Continued

In the 1998 Fiscal Second Quarter, the Company recorded special charges and credits including severance, outplacement service, other employee benefits, and asset write-downs related to the following: (i) $3.7 million for exit of certain manufacturing operations at the Company's Madison, Wisconsin, and Appleton, Wisconsin, facilities and consolidating domestic battery packaging operations, (ii) $3.9 million for the closing of the Company's Newton Aycliffe, U.K., packaging facility, phasing out direct distribution in the U.K., and closing one of the Company's German sales offices, and (iii) a $2.4 million gain on the disposition of the Company's Kinston, North Carolina, previously closed facility.

In the 1998 Fiscal Second Quarter, the Company acquired Direct Power Plus of New York ("DPP"), a full line marketer of rechargeable batteries and accessories for cellular phones and video camcorders for $4.7 million. DPP recorded sales of $2.2 million in the 1998 Fiscal Second Quarter.

6. Subsequent Events

On March 30, 1998, the Company acquired the battery distribution portion of Best Labs, St. Petersburg, Florida, a distributor of hearing aid batteries and a manufacturer of hearing instruments for $2.1 million. The acquired portion of Best Labs had net sales of approximately $2.6 million in calendar 1997.

On April 3, 1998, the Company announced the filing of a registration statement with the SEC for a secondary offering of 6.5 million shares of common stock. The Company will not receive any proceeds from the sale of shares in the offering but will pay certain expenses for the offering estimated at $0.8 million. Of the shares being offered, 5.5 million will be offered by Thomas H. Lee Group and its affiliates and 1.0 million by certain Rayovac officers and employees. The registration statement has not yet become effective. These securities may not be sold nor any offers to buy be accepted prior to the time the registration statement becomes effective.

7. Guarantor Subsidiary

The following condensed consolidating financial data illustrates the composition of the consolidated financial statements. Investments in subsidiaries are accounted for by the Company and the Guarantor Subsidiary using the equity method for purposes of the consolidating presentation. Earnings of subsidiaries are therefore reflected in the Company's and Guarantor Subsidiary's investment accounts and earnings. The principal elimination entries eliminate investments in subsidiaries and inter-company balances and transactions. Separate financial statements of the Guarantor Subsidiary are not presented because management has determined that such financial statements would not be material to investors.

7. Guarantor Subsidiary --Continued

RAYOVAC CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
As of March 28, 1998

	Parent	Guarantor Subsidiary	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,148	$ 46	$ 1,478	$ --	$ 3,672
Receivables	61,208	584	15,131	(7,844)	69,079
Inventories	48,728	--	12,639	(113)	61,254
Prepaid expenses and other	12,462	342	1,630	--	14,434
Total current assets	124,546	972	30,878	(7,957)	148,439
Property, plant and equipment, net	61,530	--	5,359	--	66,889
Deferred charges and other	26,045	--	4,996	(4,966)	26,075
Investment in subsidiaries	14,799	13,969	--	(28,768)	--
Total assets	$ 226,920	$ 14,941	$ 41,233	$ (41,691)	$ 241,403
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 3,135	$ --	$ 2,175	$ (981)	$ 4,329
Accounts payable	43,419	--	14,193	(6,721)	50,891
Accrued liabilities:					
Wages and benefits and other	24,599	(88)	3,547	9	28,067
Recapitalization and other special charges	6,478	--	3,378	--	9,856
Total current liabilities	77,631	(88)	23,293	(7,693)	93,143
Long-term debt, net of current maturities	124,901	--	3,783	(3,536)	125,148
Employee benefit obligations, net of current portion	6,738	--	--	--	6,738
Other	3,742	230	188	--	4,160
Total liabilities	213,012	142	27,264	(11,229)	229,189
Shareholders' equity :					
Common stock	569	--	12,072	(12,072)	569
Additional paid-in capital	103,155	3,525	750	(4,275)	103,155
Foreign currency translation adjustment	2,307	2,307	2,307	(4,614)	2,307
Notes receivable from officers/ shareholders	(1,361)	--	--	--	(1,361)
Retained earnings	38,592	8,967	(1,160)	(9,501)	36,898
	143,262	14,799	13,969	(30,462)	141,568
Less stock held in trust for deferred compensation	(962)	--	--	--	(962)
Less treasury stock	(128,392)	--	--	--	(128,392)
Total shareholders' equity	13,908	14,799	13,969	(30,462)	12,214
Total liabilities and shareholders' equity	$ 226,920	$ 14,941	$ 41,233	$ (41,691)	$ 241,403

7. Guarantor Subsidiary --Continued

RAYOVAC CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the three month period ended March 28, 1998

	Parent	Guarantor Subsidiary	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 83,519	$ --	$ 19,237	$(6,675)	$ 96,081
Cost of goods sold	45,535	--	11,689	(6,679)	50,545
Gross profit	37,984	--	7,548	4	45,536
Selling	24,277	--	3,927	--	28,204
General and administrative	7,340	(245)	2,025	(18)	9,102
Research and development	1,509	--	--	--	1,509
Other special charges	1,274	--	3,962	--	5,236
Total operating expenses	34,400	(245)	9,914	(18)	44,051
Income (loss) from operations	3,584	245	(2,366)	22	1,485
Other expense (income):					
Interest expense	3,211	--	83	(3)	3,291
Equity in profit of subsidiary	1,531	1,826	--	(3,357)	--
Other expense (income)	(148)	6	13	3	(126)
Loss before income taxes and extraordinary item	(1,010)	(1,587)	(2,462)	3,379	(1,680)
Income taxes (benefit)	(6)	(56)	(636)	--	(698)
Loss before extraordinary item	(1,004)	(1,531)	(1,826)	3,379	(982)
Extraordinary item	--	--	--	--	--
Net loss	$ (1,004)	$ (1,531)	$ (1,826)	$ 3,379	$ (982)

RAYOVAC CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--Continued
(Unaudited)
(In thousands, except per share amounts)

7. Guarantor Subsidiary --Continued

RAYOVAC CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the six month period ended March 28, 1998

	Parent	Guarantor Subsidiary	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$216,426	$ --	$ 44,036	$ (14,386)	$ 246,076
Cost of goods sold	114,446	--	27,849	(14,395)	127,900
Gross profit	101,980	--	16,187	9	118,176
Selling	63,708	--	9,968	--	73,676
General and administrative	13,598	(476)	4,277	(36)	17,363
Research and development	3,034	--	--	--	3,034
Other special charges	55	--	3,962	--	4,017
Total operating expenses	80,395	(476)	18,207	(36)	98,090
Income(loss) from operations	21,585	476	(2,020)	45	20,086
Other expense (income):					
Interest expense	8,075	--	240	--	8,315
Equity in profit of subsidiary	1,349	1,687	--	(3,036)	--
Other expense (income)	(344)	(4)	(11)	--	(359)
	9,080	1,683	229	(3,036)	7,956
Income(loss) before income taxes and extraordinary item	12,505	(1,207)	(2,249)	3,081	12,130
Income taxes (benefit)	4,998	142	(562)	--	4,578
Income (loss) before extraordinary item	7,507	(1,349)	(1,687)	3,081	7,552
Extraordinary item	1,975	--	--	--	1,975
Net income(loss)	$ 5,532	$(1,349)	$ (1,687)	$ 3,081	$ 5,577

RAYOVAC CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--Continued
(Unaudited)
(In thousands, except per share amounts)

7. Guarantor Subsidiary --Continued

RAYOVAC CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the six month period ended March 28, 1998

	Parent	Guarantor Subsidiary	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash provided (used) by operating activities	$ (3,380)	$--	$ 3,233	$ 4,518	$ 4,371
Cash flows from investing activities:					
Purchases of property, plant and equipment	(5,839)	--	(837)	--	(6,676)
Proceeds from sale of property, plant, and equip.	3,292	--	--	--	3,292
Payment for acquisitions	(2,655)	--	(4,853)	--	(7,508)
Net cash used by investing activities	(5,202)	--	(5,690)	--	(10,892)
Cash flows from financing activities:					
Reduction of debt	(135,500)	--	(2,487)	--	(137,987)
Proceeds from debt financing	58,193	--	6,184	(4,518)	59,859
Proceeds from issuance of common stock	87,268	--	--	--	87,268
Other	136	--	(209)	--	(73)
Net cash provided by financing activities	10,097	--	3,488	(4,518)	9,067
Effect of exchange rate changes on cash and cash equivalents	--	--	(7)	--	(7)
Net increase in cash and cash equivalents	1,515	--	1,024	--	2,539
Cash and cash equivalents, beginning of period	633	46	454	--	1,133
Cash and cash equivalents, end of period	$ 2,148	$46	$ 1,478	$ --	$ 3,672

[Inside Back Cover]

[Picture of Rayovac Store Display for Remote Keyless Entry System Batteries on Gray Background]

[Picture of Five Rayovac Photo/Electronic and Keyless Entry Battery Packs on White and Blue Background]

[Picture of a Rayovac Alkaline Computer Battery on Black Background]

[Picture of Rayovac Battery Products and Flashlights on Gray Background]

[Picture of Rayovac Loud'n Clear Premium Zinc Air Hearing Aid Battery Pack on Light Gray Background]

[Picture of Five Packs of Rayovac Pro Line Premium Zinc Air Hearing Aid Battery Packs on Gray Background]

No dealer, salesperson or other individual has been authorized to give any information or to make any representations not contained in this Prospectus in connection with the offerings covered by this Prospectus. If given or made, such information or representations must not be relied upon as having been authorized by the Selling Shareholders, the Company or the Underwriters. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy the Common Stock in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has not been any change in the facts set forth in this Prospectus or in the affairs of the Company since the date hereof.

TABLE OF CONTENTS

	Page
Prospectus Summary	3
Risk Factors	12
The Recapitalization	17
Use of Proceeds	17
Price Range of Common Stock and Dividend Policy	17
Capitalization	18
Selected Financial Data	19
Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Business	34
Management	49
Principal and Selling Shareholders	51
Description of Certain Indebtedness	53
Shares Eligible for Future Sale	55
Certain United States Federal Tax Considerations for Non-United States Holders	56
Underwriting	58
Legal Matters	61
Experts	61
Available Information	62
Incorporation of Certain Documents by Reference	63
Index to Financial Statements	F-1

6,500,000 Shares

[Logo] RAYOVAC(R)

Common Stock

P R O S P E C T U S

Merrill Lynch & Co.

Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette
Securities Corporation

Salomon Smith Barney

, 1998

[Alternate Cover for International Prospectus]

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED MAY 12, 1998

PROSPECTUS

6,500,000 Shares

[Logo]

Common Stock

All of the 6,500,000 shares of Common Stock of Rayovac Corporation ("Rayovac" or the "Company") offered hereby are being sold by certain shareholders (the "Selling Shareholders") of the Company. See "Principal and Selling Shareholders." The Company is not selling any shares of Common Stock in this Offering and will not receive any of the proceeds from the sale of shares of Common Stock offered hereby.

Of the 6,500,000 shares of Common Stock offered hereby, 1,300,000 shares are being offered for sale initially outside the United States and Canada by the International Managers and 5,200,000 shares are being offered for sale initially in a concurrent offering in the United States and Canada by the U.S. Underwriters. The initial public offering price and the aggregate underwriting discount per share will be identical for both Offerings. See "Underwriting."

The Common Stock is listed on the New York Stock Exchange under the symbol "ROV." On May 11, 1998, the last sale price of the Common Stock as reported on the New York Stock Exchange was $22.75 per share. See "Price Range of Common Stock and Dividend Policy."

See "Risk Factors" beginning on page 12 for a discussion of certain factors that should be considered by prospective purchasers of the Common Stock offered hereby.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount (1)	Proceeds to Selling Shareholders (2)
Per Share	$	$	$
Total (3)	$	$	$

(1) The Company and the Selling Shareholders have agreed to indemnify the several Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) The Company has agreed to pay certain expenses of the Offerings estimated at $800,000.

(3) The Selling Shareholders have granted the International Managers and the U.S. Underwriters options to purchase up to an additional 195,000 shares and 780,000 shares of Common Stock, respectively, in each case exercisable within 30 days after the date hereof, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discount and Proceeds to the Selling Shareholders will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Common Stock will be made in New York, New York on or about , 1998.

Merrill Lynch International

Bear, Stearns International Limited

Donaldson, Lufkin & Jenrette
International

Salomon Smith Barney
International

The date of this Prospectus is , 1998.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy
nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

[Alternate Page for International Prospectus]

UNDERWRITING

Merrill Lynch International, Bear, Stearns International Limited, Donaldson, Lufkin & Jenrette International and Smith Barney Inc. are acting as lead managers (the "Lead Managers") for each of the International Managers named below (the "International Managers"). Subject to the terms and conditions set forth in an international purchase agreement (the "International Purchase Agreement") among the Company, the Selling Shareholders and the International Managers and concurrently with the sale of 5,200,000 shares of Common Stock to the U.S. Underwriters (as defined below), the Company has agreed to sell to the International Managers, and each of the International Managers severally and not jointly has agreed to purchase from the Company, the number of shares of Common Stock set forth opposite its name below.

International Manager	Number of Shares
Merrill Lynch International	
Bear, Stearns International Limited	
Donaldson, Lufkin & Jenrette International	
Smith Barney Inc.	
Total	1,300,000

The Company has also entered into a U.S. purchase agreement (the "U.S. Purchase Agreement") with certain underwriters in the United States and Canada (the "U.S. Underwriters" and, together with the International Managers, the "Underwriters"), for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. are acting as representatives (the "U.S. Representatives"). Subject to the terms and conditions set forth in the U.S. Purchase Agreement, and concurrently with the sale of 1,300,000 shares of Common Stock to the International Managers pursuant to the International Purchase Agreement, the Selling Shareholders have agreed to sell to the U.S. Underwriters, and the U.S. Underwriters severally and not jointly have agreed to purchase from the Company, an aggregate of 5,300,000 shares of Common Stock. The initial public offering price per share of Common Stock and the underwriting discount per share of Common Stock will be identical under the International Purchase Agreement and the U.S. Purchase Agreement.

In the International Purchase Agreement and the U.S. Purchase Agreement, the several International Managers and the several U.S. Underwriters, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such agreement if any of the shares of Common Stock being sold pursuant to such agreement are purchased. Under certain circumstances, under the International Purchase Agreement and the U.S. Purchase Agreement, the commitments of non-defaulting Underwriters may be increased. The closings with respect to the sale of shares of Common Stock to be purchased by the International Managers and the U.S. Underwriters are conditioned upon one another.

The Lead Managers have advised the Company that the International Managers propose initially to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of $. per share of Common Stock. The International Managers, may allow, and such dealers may reallow, a discount not in excess of $.   per share of Common Stock on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Selling Shareholders have granted options to the International Managers, exercisable within 30 days after the date of this Prospectus, to purchase up to 195,000 additional shares of Common Stock at the initial public offering price set forth on the cover page of this Prospectus, less the underwriting discount. The International Managers may exercise these options solely to cover over-allotments, if any, made on the sale of the Common Stock offered hereby. To the extent that the International Managers exercise these options, each International Manager will be obligated, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such International Manager's initial amount reflected in the foregoing table. The Selling Shareholders also have granted options to the U.S. Underwriters, exercisable within 30 days after the date of this Prospectus, to purchase

up to aggregate of 780,000 additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the International Managers.

The Company, the Selling Shareholders, the Company's executive officers and directors, the THL Group and certain other shareholders have agreed, subject to certain exceptions, not to directly or indirectly (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of the Common Stock whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch on behalf of the Underwriters, for a period of 90 days after the date of this Prospectus. See "Shares Eligible for Future Sale."

The THL Group, the beneficial owner of more than 10% of the Company's outstanding Common Stock, may be deemed to be an affiliate of Sutro & Co. Incorporated, Tucker Anthony Incorporated and Cleary Gull Reiland & McDevitt Inc., members of the NASD, which may participate in the U.S. Offering and the International Offering. Accordingly, the International Offering and the U.S. Offering will be conducted in accordance with NASD Conduct Rule 2720.

The International Managers and the U.S. Underwriters have entered into an intersyndicate agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, the International Managers and the U.S. Underwriters are permitted to sell shares of Common Stock to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non-Canadian persons, and the International Managers and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to U.S. persons or to Canadian persons or to persons they believe intend to resell to U.S. persons or Canadian persons, except in the case of transactions pursuant to the Intersyndicate Agreement.

The Common Stock is listed on the New York Stock Exchange under the symbol "ROV."

The International Managers and the U.S. Underwriters have informed the Company that they do not intend to confirm sales of the Common Stock offered hereby to any accounts over which they exercise discretionary authority.

The Company and the Selling Shareholders have agreed to indemnify the International Managers and the U.S. Underwriters against certain liabilities, including liabilities under the Securities Act or to contribute to payments which the International Managers and U.S. Underwriters may be required to make in respect thereof.

Until the distribution of the Common Stock is completed, rules of the Securities and Exchange Commission (the "Commission") may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the U.S. Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the Offerings, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the U.S. Representatives may reduce that short position by purchasing Common Stock in the open market. The U.S. Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might have been in the absence of such purchases.

None of the Company, the Selling Shareholders or any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, none of the Company, the Selling Shareholders or any of the Underwriters makes any representation that the U.S. Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Each International Manager has agreed that (i) it has not offered or sold, and, for a period of six months from the Closing Date, will not offer or sell, to persons in the United Kingdom, other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied with and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the shares of Common Stock in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of shares of Common Stock to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, or is a person to whom such document may otherwise lawfully be issued or passed on.

No action has been or will be taken in any jurisdiction (except in the United States) that would permit a public offering of the shares of Common Stock, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or shares of Common Stock in any jurisdiction where action for that purpose is required. Accordingly, the shares of Common Stock may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the shares of Common Stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Purchasers of the shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page hereof.

Donaldson, Lufkin & Jenrette Securities Corporation and its affiliate, DLJ Capital Funding, Inc., have provided from time to time, and may provide in the future, commercial and investment banking services to the Company and its affiliates, including in connection with the Credit Agreement between the Company, BA Securities, Inc., Donaldson, Lufkin & Jenrette Securities Corporation and its affiliate DLJ Capital Funding, Inc. as arrangers for a group of financial institutions and accredited investors which provided the Company with senior bank facilities in an aggregate amount of $170 million.

[Alternate Back Cover for International Prospectus]

No dealer, salesperson or other individual has been authorized to give any information or to make any representations not contained in this Prospectus in connection with the offering covered by this Prospectus. If given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy the Common Stock in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has not been any change in the facts set forth in this Prospectus or in the affairs of the Company since the date hereof.

In the Prospectus, references to "dollars" and "$" are to United States dollars.

TABLE OF CONTENTS

	Page
Prospectus Summary	3
Risk Factors	12
The Recapitalization	17
Use of Proceeds	17
Price Range of Common Stock and Dividend Policy	17
Capitalization	18
Selected Financial Data	19
Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Business	34
Management	49
Principal and Selling Shareholders	51
Description of Certain Indebtedness	53
Shares Eligible for Future Sale	55
Certain United States Federal Tax Considerations for Non-United States Holders	56
Underwriting	58
Legal Matters	61
Experts	61
Available Information	62
Incorporation of Certain Documents by Reference	63
Index to Financial Statements	F-1

6,500,000 Shares

[Logo] RAYOVAC(R)

Common Stock

P R O S P E C T U S

Merrill Lynch International

Bear, Stearns International Limited

Donaldson, Lufkin & Jenrette International

Salomon Smith Barney International

, 1998

==

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

Set forth below is an estimate (other than the Commission Registration Fee and the National Association of Securities Dealers, Inc. (the "NASD") Filing Fee) of the fees and expenses all of which are payable by the Registrant, in connection with the registration and sale of the securities being registered:

Commission Registration Fee	51,005
NASD Filing Fee	17,790
Transfer Agent and Registrar Fees and Expenses	1,000
Blue Sky Fees and Expenses	15,000
Legal Fees and Expenses	300,000
Accounting Fees and Expenses	100,000
Printing, Engraving and Mailing Expenses	225,000
Miscellaneous	90,205
Total	$800,000

Item 15. Indemnification of Directors and Officers.

Pursuant to the Wisconsin Business Corporation Law (the "WBCL") and the Registrant's By-Laws, directors and officers of the Registrant are entitled to mandatory indemnification from the Registrant against certain liabilities and expenses (i) to the extent such directors or officers are successful in the defense of a proceeding and (ii) in proceedings in which the director or officer is not successful in the defense thereof, unless (in the latter case only) it is determined that the director or officer breached or failed to perform his duties to the Registrant and such breach or failure constituted (a) a willful failure to deal fairly with the Registrant or its shareholders in connection with a matter in which the director or officer had a material conflict of interest; (b) a violation of the criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or had no reasonable cause to believe that his or her conduct was unlawful; (c) a transaction from which the director or officer derived an improper personal profit; or (d) willful misconduct. The WBCL also provides that, subject to certain limitations, the mandatory indemnification provisions do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under the Registrant's articles of incorporation, by-laws, a written agreement or a resolution of the Board of Directors or shareholders. Further, the WBCL specifically states that it is the public policy of Wisconsin to require or permit indemnification in connection with a proceeding involving securities regulation, as described therein, to the extent required or permitted as described above. Additionally, under the WBCL, directors of the Registrant are not subject to personal liability to the Registrant, its shareholders or any person asserting rights on behalf thereof for certain breaches of or failures to perform any duty resulting solely from their status as directors, except in circumstances paralleling those in subparagraphs (a) through (d) outlined above.

Expenses for the defense of any action for which indemnification may be available may be advanced by the Registrant under certain circumstances.

The general effect of the foregoing provisions may be to reduce the circumstances which an officer or director may be required to bear the economic burden of the foregoing liabilities and expense.

The Registrant has purchased directors' and officers' liability insurance which would indemnify the directors and officers of the Registrant against damages arising out of certain kinds of claims which might be made against them based on their negligent acts or omissions while acting in their capacity as such.

Section 6 of the Purchase Agreement between the Registrant, the U.S. Underwriters and the Selling Shareholders and Section 6 of the Purchase Agreement between the Registrant, the International Managers and the Selling Shareholders each provide for indemnification by the Registrant of the U.S. Underwriters, the International Managers and each person, if any, who controls any U.S. Underwriter or International Manager, against certain liabilities under the Securities Act of 1933, as amended (the "Securities Act"). The Underwriting Agreements

also provide that the U.S. Underwriters and the International Managers shall similarly indemnify the Registrant, its directors, officers, and controlling persons, as set forth therein.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits:

Exhibit Number	Description
1.1	Form of Purchase Agreement by and among the Company, the Selling Shareholders and the U.S. Underwriters.
1.2	Form of Purchase Agreement by and among the Company, the Selling Shareholders and the International Managers.
4.1*	Indenture, dated as of October 22, 1996, by and among the Company, ROV Holding, Inc. and Marine Midland Bank, as trustee, relating to the Company's 10-1/4% Senior Subordinated Notes due 2006.
4.2*	Specimen of the Notes (included as an exhibit to Exhibit 4.1).
4.3 +	Amended and Restated Credit Agreement, dated as of December 30, 1997, among Rayovac Corporation, the lenders party thereto and BofA, as Administrative Agent.
4.4*	Security Agreement, dated as of September 12, 1996, by and among the Company, ROV Holding, Inc. and BofA.
4.5*	Company Pledge Agreement, dated as of September 12, 1996, by and between the Company and BofA.
4.6**	Shareholders Agreement, dated as of September 12, 1996, by and among the Company and the shareholders of the Company referred to therein.
4.7**	Amendment to Rayovac Shareholders Agreement, dated August 1, 1997, by and among the Company and the shareholders of the Company referred to therein.
4.8***	Specimen certificate representing the Common Stock.
5.1++	Opinion re: legality.
23.1++	Consent of DeWitt Ross & Stevens s.c. (included in Exhibit 5.1).
23.2	Consent of KPMG Peat Marwick LLP.
23.3	Consent of Coopers & Lybrand L.L.P.
24+	Power of Attorney.
27.1 +	Restated Financial Data Schedule for the fiscal years ended June 30, 1993, 1994, 1995 and 1996 and September 30, 1997.
27.2 +	Restated Financial Data Schedule for the three months ended December 27, 1997.
27.3 +	Restated Financial Data Schedule for the transition period ended September 30, 1996.

- ----------------

+ Previously filed.

++ To be filed by Amendment.

* Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 333-17895) filed with the Commission.

** Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 29, 1997 filed with the Commission on August 13, 1997.

*** Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 333-35181) filed with the Commission.

Item 17. Undertakings

The Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to its Restated Articles of Incorporation, By-laws, by agreement or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance on Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or Rule 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Madison, Wisconsin on May 13, 1998.

RAYOVAC CORPORATION

By: /s/ James A. Broderick

Name: James A. Broderick
Title: Vice President, General Counsel and Secretary

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities indicated on May 13, 1998.

Signature	Title
* David A. Jones	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
* Kent J. Hussey	President and Chief Operating Officer and Director
* Roger F. Warren	President/International and Contract MicroPower and Director
* Trygve Lonnebotn	Executive Vice President of Operations and Director
* Scott A. Schoen	Director
* Thomas R. Shepherd	Director
* Warren C. Smith, Jr.	Director
/s/ Randall J. Steward Randall J. Steward	Senior Vice President of Finance and Chief Financial Officer (Principal Financial and Accounting Officer)

*By /s/ James A. Broderick

James A. Broderick
Attorney-in-fact

==

RAYOVAC CORPORATION
(a Wisconsin corporation)

5,200,000 Shares of Common Stock

U.S. PURCHASE AGREEMENT

Dated: May ____, 1998

==

Table of Contents

Page

U.S. PURCHASE AGREEMENT....................1

SECTION 1. Representations and Warranties....................3

(a) Representations and Warranties by the Company....................3
(i) Compliance with Registration Requirements....................3
(ii) Independent Accountants....................4
(iii) Financial Statements....................4
(iv) No Material Adverse Change in Business....................5
(v) Good Standing of the Company....................5
(vi) Good Standing of Subsidiaries....................5
(vii) Capitalization....................6
(viii) Authorization of Agreement....................6
(ix) Authorization and Description of Securities....................6
(x) Absence of Defaults and Conflicts....................6
(xi) Absence of Labor Dispute....................7
(xii) Absence of Proceedings....................7
(xiii) Accuracy of Exhibits....................7
(xiv) Possession of Intellectual Property....................8
(xv) Absence of Further Requirements....................8
(xvi) Possession of Licenses and Permits....................8
(xvii) Title to Property....................8
(xviii) Investment Company....................9
(xix) Environmental Laws....................9
(xx) Registration Rights....................10
(xxi) Stabilization or Manipulation....................10
(xxii) Accounting Controls....................10
(xxiii) Tax Returns....................10
(xxiv) No Association with NASD....................10
(b) Representations and Warranties by the Selling Shareholders....................11
(i) Accurate Disclosure by Selling Shareholders....................11
(ii) Authorization of Agreements....................11
(iii) Valid Title....................12
(iv) Due Execution of Power of Attorney and Custody Agreement....................12
(v) Absence of Manipulation....................12
(vi) Absence of Further Requirements....................12
(vii) Certificates Suitable for Transfer....................12
(viii) Irrevocable Obligations....................13
(ix) No Association with NASD....................13
(x) Power and Authority....................13
(c) Officer's Certificates....................14

SECTION 2. Sale and Delivery to U.S. Underwriters; Closing....14

(a) Initial Securities....14
(b) Option Securities....14
(c) Payment....15
(d) Denominations; Registration....15

SECTION 3. Covenants of the Company....15

(a) Compliance with Securities Regulations and Commission Requests....15
(b) Filing of Amendments....16
(c) Delivery of Registration Statements....16
(d) Delivery of Prospectuses....16
(e) Continued Compliance with Securities Laws....17
(f) Blue Sky Qualifications....17
(g) Rule 158....17
(h) Restriction on Sale of Securities....17
(i) Reporting Requirements....18

SECTION 4. Payment of Expenses....18

(a) Expenses....18
(b) Expenses of the Selling Shareholders....18
(c) Termination of Agreement....18
(d) Allocation of Expenses....19

SECTION 5. Conditions of U.S. Underwriters' Obligations....19

(a) Effectiveness of Registration Statement....19
(b) Opinion of Counsel for Company and the Selling Shareholders....19
(c) Opinion of Counsel for U.S. Underwriters....19
(d) Officers' Certificate....20
(e) Selling Shareholders' Certificate....20
(f) Accountant's Comfort Letters....20
(g) Bring-down Comfort Letters....20
(h) No Objection....21
(i) Lock-up Agreement....21
(j) Purchase of Initial International Securities....21
(k) Custody Agreement....21
(l) Conditions to Purchase of U.S. Option Securities....21
(m) Additional Documents....22
(n) Termination of Agreement....22

SECTION 6. Indemnification....23

(a) Indemnification of U.S. Underwriters by the Company....23
(b) Indemnification of U.S. Underwriters by the Selling Shareholders....24

(c) Indemnification of Company, Directors and Officers and Selling Shareholders..25
(d) Actions against Parties; Notification..25
(e) Settlement without Consent if Failure to Reimburse...........................26
(f) Other Agreements with Respect to Indemnification.............................26

SECTION 7. Contribution..26

SECTION 8. Representations, Warranties and Agreements to Survive Delivery...........28

SECTION 9. Termination of Agreement...28

(a) Termination; General...28
(b) Liabilities..29

SECTION 10. Default by One or More of the U.S. Underwriters..........................29

SECTION 11. Notices..29

SECTION 12. Parties..30

SECTION 13. Governing Law and Time...30

SECTION 14. Effect of Headings...30

SECTION 15. Counterparts...30

SCHEDULES

SCHEDULE A LIST OF UNDERWRITERS
SCHEDULE B LIST OF SELLING SHAREHOLDERS
SCHEDULE B-1 LIST OF OVER-ALLOTMENT SELLING SHAREHOLDERS
SCHEDULE C PRICING INFORMATION
SCHEDULE D LIST OF PERSONS AND ENTITIES SUBJECT TO LOCK-UP
SCHEDULE E LIST OF SUBSIDIARIES OF THE COMPANY

EXHIBIT A-1 FORM OF OPINION OF COMPANY'S GENERAL COUNSEL
EXHIBIT A-2 FORM OF OPINION OF COMPANY'S COUNSEL
EXHIBIT A-3 FORM OF OPINION OF COUNSEL OF SELLING SHAREHOLDERS
EXHIBIT A-4 FORM OF OPINION OF COUNSEL OF CATEGORY 2 SELLING SHAREHOLDERS
EXHIBIT B FORM OF LOCK-UP LETTER
EXHIBIT C-1 FORM OF COMFORT LETTER OF KPMG PEAT MARWICK LLP
EXHIBIT C-2 FORM OF COMFORT LETTER OF COOPERS & LYBRAND LLP

RAYOVAC CORPORATION

(a Wisconsin corporation)

5,200,000 Shares of Common Stock

(Par Value $0.01 Per Share)

U.S. PURCHASE AGREEMENT

May ___, 1998

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

Rayovac Corporation, a Wisconsin corporation (the "Company"), and the persons listed on Schedule B hereto (collectively, the "Selling Shareholders") confirm their respective agreements with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other U.S. Underwriters named in Schedule A hereto (collectively, the "U.S. Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. are acting as representatives (in such capacity, the "U.S. Representatives"), with respect to (i) the sale by the Selling Shareholders and the purchase by the U.S. Underwriters, acting severally and not jointly, of the number of shares of Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in Schedule A hereto and (ii) the grant by the Selling Shareholders, listed on Schedule B-1 hereto, acting severally and not jointly, to the U.S. Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part

of 780,000 additional shares of Common Stock to cover over-allotments, if any. The aforesaid 5,200,000 shares of Common Stock (the "Initial U.S. Securities") to be purchased by the U.S. Underwriters, and all or any part of the 780,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "U.S. Option Securities"), are hereinafter called, collectively, the "U.S. Securities."

It is understood that the Company is concurrently entering into an agreement dated the date hereof (the "International Purchase Agreement") providing for the offering by the Selling Shareholders of an aggregate of 1,300,000 shares of Common Stock (the "Initial International Securities") through arrangements with certain underwriters outside the United States and Canada (the "International Managers") for which Merrill Lynch International, Bear, Stearns International Limited, Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. are acting as lead managers (the "Lead Managers") and the grant by the Selling Shareholders, acting severally and not jointly, to the International Managers, acting severally and not jointly, of an option to purchase all or any part of the International Managers' pro rata portion of up to 195,000 additional shares of Common Stock solely to cover over-allotments, if any (the "International Option Securities" and, together with the U.S. Option Securities, the "Option Securities"). The Initial International Securities and the International Option Securities are hereinafter called the "International Securities." It is understood that the Selling Shareholders are not obligated to sell and the U.S. Underwriters are not obligated to purchase, any Initial U.S. Securities unless all of the Initial International Securities are contemporaneously purchased by the International Managers.

The U.S. Underwriters and the International Managers are hereinafter collectively called the "Underwriters," the Initial U.S. Securities and the Initial International Securities are hereinafter collectively called the "Initial Securities," and the U.S. Securities and the International Securities are hereinafter collectively called the "Securities."

The Underwriters will concurrently enter into an Intersyndicate Agreement of even date herewith (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the Underwriters under the direction of Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (in such capacity, the "Global Coordinator").

The Company and the Selling Shareholders understand that the U.S. Underwriters propose to make a public offering of the U.S. Securities as soon as the U.S. Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-49281), as amended by Amendment No. 1 thereto, covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term

sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). Two forms of prospectus are to be used in connection with the offering and sale of the Securities: one relating to the U.S. Securities (the "Form of U.S. Prospectus") and one relating to the International Securities (the "Form of International Prospectus"). The Form of International Prospectus is identical to the Form of U.S. Prospectus, except for the front cover and back cover pages and the information under the caption "Underwriting." The information included in any such prospectus or in any such Term Sheet, as the case may be, that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective (a) pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information" or (b) pursuant to paragraph (d) of Rule 434 is referred to as "Rule 434 Information." Each Form of U.S. Prospectus and Form of International Prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto and schedules thereto at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final Form of U.S. Prospectus and the final Form of International Prospectus in the forms first furnished to the Underwriters for use in connection with the offering of the Securities are herein called the "U.S. Prospectus" and the "International Prospectus," respectively, and collectively, the "Prospectuses." If Rule 434 is relied on, the terms "U.S. Prospectus" and "International Prospectus" shall refer to the preliminary U.S. Prospectus dated May, 1998 and the preliminary International Prospectus dated May, 1998, respectively, each together with the applicable Term Sheet, and all references in this Agreement to the date of such Prospectuses shall mean the date of the applicable Term Sheet. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the U.S. Prospectus, the International Prospectus or any Term Sheet or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

SECTION 1. Representations and Warranties.

(a)....Representations and Warranties by the Company. The Company represents and warrants to each U.S. Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each U.S. Underwriter, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of

the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any U.S. Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither of the Prospectuses nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectuses or any amendments or supplements thereto were issued and at the Closing Time (and, if any U.S. Option Securities are purchased, at the Date of Delivery), included or will include, at the aforesaid times, an untrue statement of a material fact or omitted or will omit, at the aforesaid times, to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434 and the Prospectuses shall not be "materially different," as such term is used in Rule 434, from the prospectuses included in the Registration Statement at the time it became effective. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the U.S. Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the U.S. Representative(s) expressly for use in the Registration Statement or the U.S. Prospectus or by any International Manager through the Lead Managers expressly for use in the Registration Statement or the International Prospectus.

Each preliminary prospectus and the prospectuses filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectuses delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) Financial Statements. The historical financial statements included in the Registration Statement and the Prospectuses, together with the related schedule and notes, present fairly the financial position of the Company and its consolidated Subsidiaries (as defined below) at the dates indicated and the statement of operations, shareholders' equity and cash flows of the Company and its consolidated Subsidiaries for the periods

specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectuses present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein, (A) there has been no material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Wisconsin and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. Each subsidiary of the Company (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation where such legal concepts are recognized, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable in jurisdictions where such legal concepts are recognized and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except as set forth in the Registration Statement and except for any director or member qualifying shares); none of the outstanding shares of capital stock of any Subsidiary was issued in

violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only Subsidiaries of the Company are the subsidiaries listed on Schedule E hereto and, except for Rayovac Europe Limited (which represents less than 15% of the assets, liabilities and earnings of the Company), the Company has no "significant subsidiaries" as defined in Section 1-02 of Regulation S-X.

(vii) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectuses under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectuses or pursuant to the exercise of convertible securities or options referred to in the Prospectuses). The shares of issued and outstanding capital stock of the Company have been and at the Closing Time, including the U.S. Option Securities to be purchased by the U.S. Underwriters from the Selling Shareholders, will have been duly authorized and validly issued and are fully paid and non-assessable, except to the extent such securities are assessable pursuant to applicable provisions of Wisconsin law; none of the outstanding shares of capital stock of the Company was or as of the Closing Time, including the U.S. Option Securities to be purchased by the U.S. Underwriters from the Selling Shareholders, will have been or was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) Authorization of Agreement. This Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities to be purchased by the U.S. Underwriters and the International Managers from the Selling Shareholders have been duly authorized for sale to the U.S. Underwriters pursuant to this Agreement and the International Managers pursuant to the International Purchase Agreement, respectively; the Common Stock conforms to the descriptions thereof contained in the Prospectuses or incorporated by reference therein and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder, except for certain liabilities pursuant to applicable provisions of Wisconsin law; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the International Purchase Agreement and the consummation of the transactions contemplated in this

Agreement, the International Purchase Agreement and in the Registration Statement and the compliance by the Company with its obligations under this Agreement and the International Purchase Agreement have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, the Agreements and Instruments which would reasonably be expected, either singly or in the aggregate, to result in a Material Adverse Effect, nor will such action result in any violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their assets, properties or operations, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any Subsidiary.

(xi) Absence of Labor Dispute. Except as described in the Registration Statement with respect to the renegotiation of collective bargaining agreements, no labor dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any Subsidiary's principal suppliers, manufacturers, customers, dealers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement and the International Purchase Agreement or the performance by the Company of its obligations hereunder or thereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business of the Company and its Subsidiaries would not reasonably be expected to result in a Material Adverse Effect.

(xiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits thereto which have not been so described or filed or incorporated by reference as required.

(xiv) Possession of Intellectual Property. Except as described in the Registration Statement, the Company and its Subsidiaries own or possess the right to utilize, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering or sale of the Securities under this Agreement and the International Purchase Agreement or the consummation of the transactions contemplated by this Agreement and the International Purchase Agreement, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations and foreign or state securities or blue sky laws or the rules or regulations of the NASD.

(xvi) Possession of Licenses and Permits. The Company and its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them except where the failure to possess the same would not, singly or in the aggregate have a Material Adverse Effect; the Company and its Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xvii) Title to Property. The Company and its Subsidiaries have good and marketable title to all real property owned by the Company and its Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectuses or (b) do not, singly or in the aggregate,

materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries or (c) would not reasonably be expected to result in a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Prospectuses, are in full force and effect, and neither the Company nor any Subsidiary has any notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease which would reasonably be expected to result in a Material Adverse Effect.

(xviii) Investment Company Act. The Company is not, and upon the sale of the Securities as herein contemplated will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xix) Environmental Laws. Except as described in the Registration Statement or except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its Subsidiaries have all permits, licenses, authorizations and approvals currently required for their respective businesses and for the businesses contemplated to be conducted upon consummation of the offering of the Securities under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries and (D) there are no events, facts or circumstances that might reasonably be expected to form the basis of any liability or obligation of the Company or any of its Subsidiaries, including, without limitation, any order, decree, plan or agreement requiring clean-up or remediation, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to any Hazardous Materials or any Environmental Laws.

(xx) Registration Rights. Except for those persons (i) set forth on Schedule B hereto or (ii) who have waived any such rights, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement under the 1933 Act. Except as described in the Registration Statement, there are no persons with registration rights or other similar rights to have any securities registered by the Company under the 1933 Act.

(xxi) Stabilization or Manipulation. Neither the Company nor any of its officers, directors or controlling persons has taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale of the Securities.

(xxii) Accounting Controls. The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxiii) Tax Returns. The Company and its Subsidiaries have filed all federal, state, local and foreign tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law or have duly requested extensions thereof, except insofar as the failure to file such returns or request such extensions would not reasonably be expected to result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and its Subsidiaries, except for such taxes or assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided or where the failure to pay would not reasonably be expected to result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability of the Company and each Subsidiary for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not reasonably be expected to result in a Material Adverse Effect.

(xxiv) No Association with NASD. Neither the Company nor any of its affiliates (within the meaning of NASD Conduct Rule 2720(b)(1)(a)) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is an associated person (within the meaning of Article I, Section 1(q) of the By-laws of the National Association of Securities Dealers, Inc.), of any member firm of the National Association of Securities Dealers, Inc., other than as described on an appendix to a Selling Shareholders' Power of Attorney and Custody Agreement (as defined herein).

(b) Representations and Warranties by the Selling Shareholders. Each Selling Shareholder, severally and not jointly, represents and warrants to each U.S. Underwriter as of the date hereof, and, if such Selling Shareholder is selling U.S. Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each U.S. Underwriter, as follows:

(i) Accurate Disclosure by Selling Shareholders. (A) The information furnished in writing by or on behalf of such Selling Shareholder listed on Schedule B hereto expressly for use in the Registration Statement and any amendments or supplements thereto does not contain an untrue statement of a material fact with respect to such Selling Shareholder or omit to state a material fact with respect to such Selling Shareholder required to be stated therein or necessary to make the statements regarding the Selling Shareholder therein not misleading and (B) the information furnished in writing by or on behalf of such Selling Shareholder expressly for use in the Prospectus does not include an untrue statement of a material fact with respect to such Selling Shareholder or omit to state a material fact with respect to such Selling Shareholder necessary in order to make the statements regarding the Selling Shareholder therein, in the light of the circumstances under which they were made, not misleading.

(ii) Authorization of Agreements. Such Selling Shareholder has the full right, power and authority to enter into this Agreement and the Irrevocable Power of Attorney and Custody Agreement (the "Power of Attorney and Custody Agreement") with Firstar Trust Company, as custodian (the "Custodian"), and the attorneys-in-fact named therein (each an "Attorney-in-Fact"), and to sell, transfer and deliver the Securities to be sold by such Selling Shareholder hereunder. The execution and delivery of this Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities to be sold by such Selling Shareholder and the consummation of the transactions contemplated herein and compliance by such Selling Shareholder with its obligations hereunder have been duly authorized by such Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by such Selling Shareholder or any property or assets of such Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder may be bound, or to which any of the property or assets of such Selling Shareholder is subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of such Selling Shareholder (a "Selling Shareholder Material Adverse Effect"), whether or not arising in the ordinary course of business), nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of such Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over such Selling Shareholder or any of its properties which would reasonably be expected, either singly or in the aggregate, to result in a Selling Shareholder Material Adverse Effect.

(iii) Valid Title. Such Selling Shareholder has on the date hereof and will at the Closing Time and on the Date of Delivery have good and valid title to the U.S. Securities to be sold by such Selling Shareholder hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind, other than pursuant to this Agreement; and upon delivery of such U.S. Securities and payment of the purchase price therefor as herein contemplated, assuming each such Underwriter has no notice of any adverse claim as such term is used in the Uniform Commercial Code, each of the Underwriters will receive valid title to the U.S. Securities purchased by it from such Selling Shareholder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

(iv) Due Execution of Power of Attorney and Custody Agreement. Each such Selling Shareholder has duly executed and delivered a Power of Attorney and Custody Agreement; the Custodian is authorized by each such Selling Shareholder to deliver the U.S. Securities to be sold by such Selling Shareholder hereunder and to accept payment therefor; and each Attorney-in-Fact named in the Power of Attorney and Custody Agreement executed by such Selling Shareholder is authorized by such Selling Shareholder to execute and deliver this Agreement and the certificate referred to in Section 5(e) of this Agreement or that may be required pursuant to Sections 5(m) or 5(n) of this Agreement on behalf of such Selling Shareholder, to sell, assign and transfer to the U.S. Underwriters the U.S. Securities to be sold by such Selling Shareholder hereunder, to determine the purchase price to be paid by the U.S. Underwriters to such Selling Shareholder, as provided in Section 2(a) hereof, to authorize the delivery of the Securities to be sold by such Selling Shareholder hereunder, to accept payment therefor, and otherwise to act on behalf of such Selling Shareholder in connection with this Agreement.

(v) Absence of Manipulation. Such Selling Shareholder has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(vi) Absence of Further Requirements. No filing with, or consent, approval, authorization, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by each such Selling Shareholder of their obligations hereunder or in the Power of Attorney and Custody Agreement, or in connection with the sale and delivery of the U.S. Securities being sold by each such Selling Shareholder hereunder or the consummation of the transactions contemplated by this Agreement, except such as may have previously been made or obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state or foreign securities laws or under the rules of the NASD.

(vii) Certificates Suitable for Transfer. Certificates for all of the U.S. Securities to be sold by such Selling Shareholder pursuant to this Agreement, in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures guaranteed, have been placed in custody with the

Custodian with irrevocable conditional instructions to deliver such U.S. Securities to the U.S. Underwriters pursuant to this Agreement.

(viii) Irrevocable Obligations. The U.S. Securities represented by the Certificates held in custody for such holder under the Custody Agreement are subject to the interests of the U.S. Underwriters hereunder; the arrangements made by such holder for such custody, and the appointment by such holder of the Attorneys-in-fact by the Power of Attorney and Custody Agreement, are to that extent irrevocable; the obligations of such holder hereunder shall not be terminated, except as provided in the Agreement or in the Power of Attorney, by operation of law, whether by the death or incapacity of any individual Selling Shareholder or, in the case of an estate or trust, by the death or incapacity of any executor or trustee or the termination of such trust estate or trust, or in the case of a partnership or corporation, by the dissolution of such partnership or corporation, or by the occurrence of any other event, if any individual Selling Shareholder or any such executor or trustee should die or become incapacitated, or if any such estate or trust should be terminated, or any such partnership or corporation should be dissolved, or if any other event should occur, before the delivery of the U.S. Securities hereunder, certificates representing the U.S. Securities shall be delivered by or on behalf of such holder in accordance with the terms and conditions of this Agreement and of the Power of Attorney and Custody Agreement; and actions taken by the Attorney-in-Fact pursuant to the Powers of Attorney shall be as valid as if such death, incapacity, termination, dissolution or other event had not occurred, regardless of whether or not the Custodian, Attorney-in-Fact, or any of them, shall have received notice of such death, incapacity, termination, dissolution or other event.

(ix) No Association with NASD. Neither such Selling Shareholder nor any of its affiliates (within the meaning of NASD Conduct Rule 2720(b)(1)(a)) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is an associated person (within the meaning of Article I, Section 1(q) of the By-laws of the National Association of Securities Dealers, Inc.), of, any member firm of the National Association of Securities Dealers, Inc., other than as described on an appendix to the Power of Attorney and Custody Agreement to which such Selling Shareholder is a party.

(x) Power and Authority. If such Selling Shareholder is a corporation, partnership or trust, such Selling Shareholder has been duly organized or incorporated and is validly existing as a corporation or partnership or limited partnership in good standing under the laws of its jurisdiction of incorporation or organization, if applicable, and has the power and authority to own its property and to conduct its business and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not result in a Selling Shareholder Material Adverse Effect, whether or not arising in the ordinary course of business, or materially impair its ability to consummate the transactions contemplated hereby.

(c) Officer's Certificates. Any certificate signed by any officer of the Company or any of its Subsidiaries delivered to the Global Coordinator, the U.S. Representatives or to counsel for the U.S. Underwriters shall be deemed a representation and warranty by the Company to each U.S. Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of any Selling Shareholder as such or such Selling Shareholder's Attorney-in-Fact and delivered to the U.S. Representatives or to counsel for the U.S. Underwriters pursuant to the terms of this Agreement shall be deemed a representation and warranty by such Selling Shareholder, as the case may be, to the U.S. Underwriters as to the matters covered thereby.

SECTION 2. Sale and Delivery to U.S. Underwriters; Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Shareholders agree to sell to each U.S. Underwriter, severally and not jointly, to the extent indicated on Schedule A hereto, and each U.S. Underwriter, severally and not jointly, agrees to purchase from the Selling Shareholders, at the price per share set forth in Schedule C, the proportion of the number of Initial U.S. Securities being sold by each Selling Shareholder set forth in Schedule B opposite the name of each Selling Shareholder which the number of U.S. Securities set forth in Schedule A opposite the name of such U.S. Underwriter (plus any additional number of Initial U.S. Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof) bears to the total number of U.S. Securities, in each case, with such adjustments among the U.S. Underwriters as the Global Coordinator in its sole discretion shall make to eliminate any sales or purchases of fractional securities.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Shareholders, severally and not jointly, hereby grant an option to the U.S. Underwriters, severally and not jointly, to purchase up to an additional 780,000 shares of Common Stock, to the extent indicated on Schedule B-1, at the price per share set forth in Schedule C, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial U.S. Securities but not payable on the U.S. Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial U.S. Securities upon notice by the Global Coordinator to the Selling Shareholders setting forth the number of U.S. Option Securities as to which the several U.S. Underwriters are then exercising the option and the time and date of payment and delivery for such U.S. Option Securities. Any such time and date of delivery for the U.S. Option Securities (a "Date of Delivery") shall be determined by the Global Coordinator, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the U.S. Option Securities, each of the U.S. Underwriters, acting severally and not jointly, will purchase that proportion of the total number of U.S. Option Securities then being purchased which the number of Initial U.S. Securities set forth in Schedule A opposite the name of such U.S. Underwriter bears to the total number of Initial U.S. Securities, subject in each case to such adjustments as the Global Coordinator in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) Payment. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Fried, Frank, Harris, Shriver & Jacobson, 1 New York Plaza, New York, New York 10004, or at such other place as shall be agreed upon by the Global Coordinator and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Global Coordinator and the Selling Shareholders or the Attorneys-in-Fact on behalf of the Selling Shareholders (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the U.S. Option Securities are purchased by the U.S. Underwriters, payment of the purchase price for, and delivery of certificates for, such U.S. Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Global Coordinator and the Selling Shareholders or the Attorneys-in-Fact on behalf of the Selling Shareholders, on each Date of Delivery as specified in the notice from the Global Coordinator to the Selling Shareholders.

Payment shall be made to each Selling Shareholder by wire transfer of immediately available funds to a bank account designated by the Custodian pursuant to the Selling Shareholders' Power of Attorney and Custody Agreement, as the case may be, against delivery to the U.S. Representatives for the respective accounts of the U.S. Underwriters of certificates for the U.S. Securities to be purchased by them. It is understood that each U.S. Underwriter has authorized the U.S. Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial U.S. Securities and the U.S. Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the U.S. Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial U.S. Securities or the U.S. Option Securities, if any, to be purchased by any U.S. Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such U.S. Underwriter from its obligations hereunder.

(d) Denominations; Registration. Certificates for the Initial U.S. Securities and the U.S. Option Securities, if any, shall be in such denominations and registered in such names as the U.S. Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial U.S. Securities and the U.S. Option Securities, if any, will be made available for examination and packaging by the U.S. Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3 Covenants of the Company. The Company covenants with each U.S. Underwriter as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Global Coordinator immediately, and confirm the notice in

writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectuses or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give the Global Coordinator notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectuses, will furnish the Global Coordinator with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Global Coordinator or counsel for the U.S. Underwriters shall reasonably object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to the U.S. Representatives and counsel for the U.S. Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the U.S. Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the U.S. Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the U.S. Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company has delivered or will deliver to each U.S. Underwriter, without charge, as many copies of each preliminary prospectus as such U.S. Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each U.S. Underwriter, without charge, during the period when the U.S. Prospectus is required to be delivered under the 1933 Act or the Securities Exchange Act of 1934 (the "1934 Act"), such number of copies of the U.S. Prospectus (as amended or supplemented) as such U.S. Underwriter may reasonably request. The U.S. Prospectus and any amendments or supplements thereto furnished to the U.S. Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement, the International Purchase Agreement and in the Prospectuses. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectuses will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectuses comply with such requirements, and the Company will furnish to the U.S. Underwriters such number of copies of such amendment or supplement as the U.S. Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the U.S. Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Global Coordinator may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that neither the Company nor any of the Selling Shareholders shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement and any Rule 462(b) Registration Statement.

(g) Rule 158. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Restriction on Sale of Securities. During a period of 90 days from the date of the Prospectuses, the Company will not, without the prior written consent of the Global Coordinator, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or

otherwise except pursuant to Common Stock issued in connection with (y) the Company's stock option plans existing at the Closing Time or (z) acquisitions by the Company; provided that, in the case of clause (z), it shall be a condition to such stock issuance that the third party receiving such shares executes a lock-up agreement on substantially the same terms as described above for a period expiring 90 days from the date of the Prospectus and there shall be no further transfer of such shares except in accordance with the provisions of such lock-up agreement. The foregoing sentence shall not apply to the Securities to be sold hereunder or under the International Purchase Agreement.

(i) Reporting Requirements. The Company, during the period when the Prospectuses are required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

SECTION 4. Payment of Expenses. (a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities by the Company to the Underwriters and the transfer of the Securities between the U.S. Underwriters and the International Managers, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheets and of the Prospectuses and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the blue sky survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the NASD of the terms of the sale of the Securities.

(b) Expenses of the Selling Shareholders. The Company will pay all expenses incident to the performance of the Selling Shareholders' obligations under, and the consummation of the transactions contemplated by, this Agreement (other than any underwriting discount), including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the U.S. Securities or the U.S. Option Securities by the Selling Shareholders to the Underwriters, and their transfer between the Underwriters pursuant to an agreement between such Underwriters and (ii) the fees and disbursements of the Selling Shareholders' counsel and accountants.

(c) Termination of Agreement. If this Agreement is terminated by the U.S. Representatives in accordance with the provisions of Section 5 or Sections 9(a)(i) or (ii) hereof,

the Company shall reimburse the U.S. Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the U.S. Underwriters.

(d) Allocation of Expenses. The provisions of this Section shall not affect any agreement that the Company and the Selling Shareholders may make for the sharing of such costs and expenses.

SECTION 5. Conditions of U.S. Underwriters' Obligations. The obligations of the several U.S. Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholders contained in Section 1 hereof or in certificates of any officer of the Company or any Subsidiary of the Company or on behalf of the Selling Shareholders delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective under the 1933 Act; and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the U.S. Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) Opinion of Counsel for Company and the Selling Shareholders. At Closing Time, the U.S. Representatives shall have received the favorable opinions, dated as of Closing Time, of (i) Dewitt, Ross & Stevens s.c., counsel to the Company, relating to certain matters of Wisconsin law, (ii) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Company, (iii) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Category 1 Selling Shareholders and special counsel to the Category 2 Selling Shareholders with respect to certain matters of New York law, and (iv) Dewitt, Ross & Stevens s.c. counsel to the Category 2 Selling Shareholders, in each case in form and substance reasonably satisfactory to counsel for the U.S. Underwriters together with signed or reproduced copies of such letter for each of the other U.S. Underwriters, dated such Date of Delivery, to the effect set forth in Exhibits A-1, A-2, A-3 and A-4, respectively, hereto.

(c) Opinion of Counsel for U.S. Underwriters. At Closing Time, the U.S. Representatives shall have received the favorable opinion, dated as of Closing Time, of Fried, Frank, Harris, Shriver & Jacobson, counsel for the U.S. Underwriters, together with signed or reproduced copies of such letter for each of the other U.S. Underwriters with respect to the matters set forth in clauses (i), (ii) (solely as to preemptive or other similar rights arising by operation of law or under the charter or bylaws of the Company), (v) (solely as to the information contained in or incorporated by reference therein in the Prospectus with respect to the

"Description of Capital Stock") and (viii) of Exhibit A-1; and to the matters set forth in paragraph 3 and the penultimate paragraph Exhibit A-2. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the U.S. Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its Subsidiaries and of the Selling Shareholders and certificates of public officials.

(d) Officers' Certificate. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectuses, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the U.S. Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

(e) Selling Shareholders' Certificate. At Closing Time, the Representatives shall have received a certificate of each Selling Shareholder (which may be executed on behalf of each Selling Shareholder by the general partner or a duly authorized executive officer of such Selling Shareholder or by such Selling Shareholder's Attorney-in-Fact), dated as of Closing Time, to the effect that (i) the representations and warranties of such Selling Shareholder contained in Section 1(b) hereof are true and correct with the same force and effect as though expressly made at and as of the Closing Time and (ii) such Selling Shareholder has complied with all agreements and satisfied all conditions on its part to be performed or satisfied under this Agreement at or prior to the Closing Time.

(f) Accountant's Comfort Letters. At the time of the execution of this Agreement, the U.S. Representatives shall have received from KPMG Peat Marwick LLP a letter in the form of Exhibit C-1 hereto and from Coopers & Lybrand LLP a letter in the form of Exhibit C-2 hereto, dated such date, in form and substance reasonably satisfactory to the U.S. Representatives, together with signed or reproduced copies of such letter for each of the other U.S. Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectuses.

(g) Bring-down Comfort Letters. At Closing Time, the U.S. Representatives shall have received letters from KPMG Peat Marwick LLP and Coopers & Lybrand LLP, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant

to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(h) No Objection. The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) Lock-up Agreements. At the date of this Agreement, the U.S. Representatives shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule D hereto.

(j) Purchase of Initial International Securities. Contemporaneously with the purchase by the U.S. Underwriters of the Initial U.S. Securities under this Agreement, the International Managers shall have purchased the Initial International Securities under the International Purchase Agreement.

(k) Custody Agreement. At the date of this Agreement the U.S. Representatives shall have received copies of the Power of Attorney and Custody Agreement executed by each of the Selling Shareholders.

(l) Conditions to Purchase of U.S. Option Securities. In the event that the U.S. Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the U.S. Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any Subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the U.S. Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) Selling Shareholder's Certificate. At the Date of Delivery, the U.S. Representatives shall have received a certificate of each Selling Shareholder (which may be executed on behalf of each Selling Shareholder by the general partner or a duly authorized executive officer of such Selling Shareholder or such Selling Shareholder's Attorney-in-Fact), dated as of Date of Delivery, to the effect that (x) the representations and warranties of such Selling Shareholder contained in Section 1(b) hereof, are true and correct with the same force and effect as though expressly made at and as of Date of Delivery and (y) such Selling Shareholder has complied with all agreements and satisfied all conditions on their part to be performed or satisfied under this Agreement at or prior to Date of Delivery.

(iii) Opinion of Counsel for Company and the Selling Shareholders. The favorable opinion of (w) Dewitt, Ross & Stevens s.c., counsel to the Company, relating to certain matters of Wisconsin law, (x) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Company, (y) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Category 1 Selling Shareholders and special counsel to the Category 2 Selling Shareholders with respect to certain matters of New York law, and (z) Dewitt, Ross & Stevens s.c. counsel to the Category 2 Selling Shareholders, in each case in form and substance reasonably satisfactory to counsel for the U.S. Underwriters together with signed or reproduced copies of such letter for each of the other U.S. Underwriters, dated such Date of Delivery, relating to the U.S. Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b).

(iv) Opinion of Counsel for U.S. Underwriters. The favorable opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel for the U.S. Underwriters, dated such Date of Delivery, relating to the U.S. Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) Bring-down Comfort Letters. Letters from Coopers & Lybrand LLP and KPMG Peat Marwick LLP, in form and substance reasonably satisfactory to the U.S. Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the U.S. Representatives pursuant to Section 5(g) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(m) Additional Documents. At Closing Time and at each Date of Delivery, counsel for the U.S. Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholders in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the U.S. Representatives and counsel for the U.S. Underwriters.

(n) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of U.S. Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several U.S. Underwriters to purchase the relevant Option Securities, may be terminated by the U.S. Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and

except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of U.S. Underwriters by the Company. The Company agrees to indemnify and hold harmless each U.S. Underwriter and each person, if any, who controls any U.S. Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows to the extent set forth below:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the indemnifying party; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not (i) apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any U.S. Underwriter through the U.S. Representatives or any International Manager through the Lead Managers expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the U.S. Prospectus or International Prospectus, as the case may be (or any amendment or supplement thereto) or (ii) inure to the benefit of any U.S. Underwriter from whom the person asserting any loss, liability, claim, damage or expense, purchased Securities, or any person controlling such U.S. Underwriter, if it shall be established

that a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if required by law to have been so delivered, at or prior to the confirmation of the sale of such Securities to such person in any case where the Company complied with its obligations under Sections 3(a), 3(b) and 3(d), and if the Prospectus (as so amended or supplemented) would have cured any defect giving rise to such loss, liability, claim damage, or expense.

(b) Indemnification of U.S. Underwriters by the Selling Shareholders. Each Selling Shareholder, severally and not jointly, agrees to indemnify and hold harmless each U.S. Underwriter and each person, if any, who controls any U.S. Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows to the extent set forth below:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the indemnifying party; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not (i) apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any U.S. Underwriter through the U.S. Representatives or any International Manager through the Lead Managers expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the U.S. Prospectus or International Prospectus, as

the case may be (or any amendment or supplement thereto) or (ii) inure to the benefit of any U.S. Underwriter from whom the person asserting any loss, liability, claim, damage or expense, purchased Securities, or any person controlling such U.S. Underwriter, if it shall be established that a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if required by law to have been so delivered, at or prior to the confirmation of the sale of such Securities to such person in any case where the Company complied with its obligations under Sections 3(a), 3(b) and 3(d), and if the Prospectus (as so amended or supplemented) would have cured any defect giving rise to such loss, liability, claim damage, or expense; provided, however, further, that with respect to each Selling Shareholder, (x) the indemnification provision in this paragraph (b) shall only apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission, or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use in the Registration Statement (or any amendment thereto) including the Rule 430A information and the Rule 434 Information if applicable, or any or such preliminary prospectus or the U.S. Prospectus or International Prospectus, as the case may be (or any amendment or supplement thereto) and (y) each Selling Shareholder's aggregate liability under this Section 6 shall be limited to an amount equal to the net proceeds (after deducting the underwriting discount but before deducting expenses) received by such Selling Shareholder from the sale of Securities pursuant to this Agreement.

(c) Indemnification of Company, Directors and Officers and Selling Shareholders. Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Selling Shareholder and each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a) and Section 6(b) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary U.S. prospectus or the U.S. Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such U.S. Underwriter through the U.S. Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the U.S. Prospectus (or any amendment or supplement thereto).

(d) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified

pursuant to Section 6(a) and Section 6(b) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company or the indemnified Selling Shareholder, as appropriate. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any necessary local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel for which the indemnifying party is responsible pursuant to the terms hereof, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(iii) or Section 6(b)(iii) effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 45 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(f) Other Agreements with Respect to Indemnification. The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to indemnification.

SECTION 7. Contribution. If, although applicable in accordance with its terms, the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders, collectively, on the one hand and the U.S. Underwriters on the other hand from the offering of the U.S. Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Shareholders on the one hand and of the U.S. Underwriters on the other hand in connection with the statements or omissions,

which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Selling Shareholders, collectively, on the one hand and the U.S. Underwriters on the other hand in connection with the offering of the U.S. Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the U.S. Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Shareholders and the total underwriting discount received by the U.S. Underwriters, in each case as set forth on the cover of the U.S. Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet, bear to the aggregate initial public offering price of the U.S. Securities as set forth on such cover.

The relative fault of the Company and the Selling Shareholders on the one hand and the U.S. Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholders or by the U.S. Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Shareholders and the U.S. Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the U.S. Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no U.S. Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the U.S. Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such U.S. Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, (a) each person, if any, who controls a U.S. Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such U.S. Underwriter, (b) each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the

1934 Act shall have the same rights to contribution as the Company and (c) each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Selling Shareholder. The U.S. Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial U.S. Securities set forth opposite their respective names in Schedule A hereto and not joint.

Notwithstanding the provisions of this Section 7, no Selling Shareholder shall be required to contribute any amount in excess of the amount equal to the net proceeds (after deducting the underwriting discount but before deducting expenses) received by such Selling Shareholder from the sale of U.S. Securities pursuant to this Agreement.

The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its Subsidiaries or the Selling Shareholders submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any U.S. Underwriter or controlling person, or by or on behalf of the Company or any Selling Shareholder, and shall survive delivery of the U.S. Securities to the U.S. Underwriters.

SECTION 9. Termination of Agreement.

(a) Termination; General. The U.S. Representatives may terminate this Agreement, by notice to the Company and the Attorneys-in-Fact on behalf of the Selling Shareholders, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the U.S. Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred a downgrading in the rating assigned to any of the Company's debt securities by any nationally recognized securities rating agency, or if such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities, or (iii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the U.S. Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iv) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such

system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (v) if a banking moratorium has been declared by either Federal or New York authorities.

(b) Liabilities. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the U.S. Underwriters. If one or more of the U.S. Underwriters shall fail at the Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the U.S. Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting U.S. Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the U.S. Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of U.S. Securities to be purchased on such date, each of the non-defaulting U.S. Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting U.S. Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of U.S. Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the U.S. Underwriters to purchase the U.S. Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting U.S. Underwriter.

No action taken pursuant to this Section shall relieve any defaulting U.S. Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the U.S. Underwriters to purchase and the Selling Shareholders to sell the relevant U.S. Securities, either (i) the U.S. Representatives or (ii) the Selling Shareholders shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "U.S. Underwriter" includes any person substituted for a U.S. Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the U.S. Underwriters shall be directed to the U.S.

Representatives at North Tower, World Financial Center, New York, New York 10281-1201, attention of W. Gregg Smart, with a copy to Fried, Frank, Harris, Shriver & Jacobson, 1 New York Plaza, New York, New York 10004, attention of Valerie Ford Jacob, Esq.; notices to the Company shall be directed to it at Rayovac Corporation, 601 Rayovac Drive, Madison, Wisconsin 53711, attention of James A. Broderick, Esq., with a copy to Louis A. Goodman, Esq. Skadden, Arps, Slate, Meagher & Flom LLP, One Beacon Street, Boston, MA 02108; notices to the Selling Shareholders shall be delivered to them at the address for notices indicated in the Power of Attorney and Custody Agreement.

SECTION 12. Parties. This Agreement shall each inure to the benefit of and be binding upon the U.S. Underwriters, the Company and the Selling Shareholders and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the U.S. Underwriters, the Company and the Selling Shareholders and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the U.S. Underwriters, the Company and the Selling Shareholders and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any U.S. Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. AS USED HEREIN, THE TERM "BUSINESS DAY" MEANS ANY DAY ON WHICH THE NEW YORK STOCK EXCHANGE AND COMMERCIAL BANKS IN NEW YORK CITY ARE REGULARLY OPEN FOR BUSINESS.

SECTION 14. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 15. Counterparts. This Agreement may be executed in one or more counterparts and, when a counterpart has been executed by each party hereto, all such counterparts taken together shall constitute one and the same agreement. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Attorneys-in-Fact for the Selling Shareholders a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the U.S. Underwriters, the Company and the Selling Shareholders in accordance with its terms.

Very truly yours,

RAYOVAC CORPORATION

By: ____________________________
Name: David A. Jones
Title: Chairman of the Board, Chief Executive Officer and President

SELLING SHAREHOLDERS LISTED IN CATEGORY 1 ON SCHEDULE B HERETO

THOMAS H. LEE EQUITY FUND III, L.P.

By: THL Equity Advisors III Limited Partnership, as General Partner

By: THL Equity Trust III, as General Partner

By: ____________________________
Name:
Title:

THOMAS H. LEE FOREIGN FUND III, L.P.

By: THL Equity Advisors III Limited Partnership, as General Partner

By: THL Equity Trust III, as General Partner

By: ____________________________
Name:
Title:

THL-CCI LIMITED PARTNERSHIP

By: THL Investment Management Corp.
as General Partner

By: ______________________________
Name:
Title:

SELLING SHAREHOLDERS LISTED IN CATEGORY 2 ON SCHEDULE B HERETO

By: ______________________________
Name: ______________________
Title: Attorney-in-Fact, on behalf of the Selling Shareholders listed in Category 2 on Schedule B hereto

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
BEAR, STEARNS & CO. INC.
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
SMITH BARNEY INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: ____
Authorized Signatory

For themselves and as U.S. Representatives of the other U.S. Underwriters named in Schedule A hereto.

SCHEDULE A

Name of U.S. Underwriter	Number of Initial U.S. Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....................................	
Bear, Stearns & Co. Inc..	
Donaldson, Lufkin & Jenrette Securities Corporation	
Smith Barney Inc...	

SCHEDULE B

Selling Shareholder	Number of U.S. Securities to be Sold*
Category 1	
THOMAS H. LEE EQUITY FUND III, L.P.	
THOMAS H. LEE FOREIGN FUND III, L.P.	
THL-CCI Limited Partnership	
Total Category 1	
Category 2	
Carter J. Balfour	
Kevin Balfour	
Kenneth V. Biller	
James A. Broderick	
Fred Christopher Brooks	
Bernard T. Conner	
David M. Darkoch	
Kenneth Drescher	
Fleming Trust	
Mark G. Hines	
John E. Hofkes	
Kent J. Hussey	
David A. Jones	
Pamela A. Josheff	
Robert K. Kloppenburg	
Richard A. Kreutz	
Trygve Lonnebotn	
Terrence P. McGraw	
Rayovac Corporation Deferred Compensation	
Emil J. Ripley and Laverne M. Ripley	
Stephen P. Salzieder	
Stephen P. Shanesy	
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy	
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy	
Dale R. Tetzlaff	
Michael G. Thompson	
Merrill Tomlin	
Deborah L. Ulrich	
Lucille Warren	
Roger F. Warren	
Andrew P. Warren Irrevocable Trust	
Michael F. Warren Irrevocable Trust	
Gary E. Wilson	
Martin W. Wirt	
Karl M. Wulf	
Total Category 2	
Total of Category 1 and Category 2.....................	5,200,000

SCHEDULE B-1

Over allotment Selling Shareholder	Number of U.S. Option Securities to be Sold*
Category 1	
THOMAS H. LEE EQUITY FUND III, L.P.	
THOMAS H. LEE FOREIGN FUND III, L.P.	
THL-CCI Limited Partnership	
Total Category 1	
Category 2	
Carter J. Balfour	
Kevin Balfour	
Kenneth V. Biller	
James A. Broderick	
Fred Christopher Brooks	
Bernard T. Conner	
David M. Darkoch	
Kenneth Drescher	
Fleming Trust	
Mark G. Hines	
John E. Hofkes	
Kent J. Hussey	
David A. Jones	
Pamela A. Josheff	
Robert K. Kloppenburg	
Richard A. Kreutz	
Trygve Lonnebotn	
Terrence P. McGraw	
Rayovac Corporation Deferred Compensation	
Emil J. Ripley and Laverne M. Ripley	
Stephen P. Salzieder	
Stephen P. Shanesy	
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy	
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy	
Dale R. Tetzlaff	
Michael G. Thompson	
Merrill Tomlin	
Deborah L. Ulrich	
Lucille Warren	
Roger F. Warren	
Andrew P. Warren Irrevocable Trust	
Michael F. Warren Irrevocable Trust	
Gary E. Wilson	
Martin W. Wirt	
Karl M. Wulf	
Total Category 2	
Total of Category 1 and Category 2.........................	780,000 =======

SCHEDULE C

Rayovac Corporation

5,200,000 Shares of Common Stock

(Par Value $0.01 Per Share)

1. The public offering price per share for the Securities, determined as provided in said Section 2, shall be $.

2. The purchase price per share for the U.S. Securities to be paid by the several U.S. Underwriters shall be $, being an amount equal to the public offering price set forth above less $. per share; provided that the purchase price per share for any U.S. Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial U.S. Securities but not payable on the U.S. Option Securities.

SCHEDULE D

List of Persons and Entities Subject to Lock-up

THOMAS H. LEE EQUITY FUND III, L.P.
THOMAS H. LEE FOREIGN FUND III, L.P.
THL-CCI Limited Partnership

Carter J. Balfour
Kevin Balfour
Kenneth V. Biller
James A. Broderick
Fred Christopher Brooks
Bernard T. Conner
David M. Darkoch
Kenneth Drescher
Fleming Trust
Mark G. Hines
John E. Hofkes
Kent J. Hussey
David A. Jones
Pamela A. Josheff
Robert K. Kloppenburg
Richard A. Kreutz
Trygve Lonnebotn
Terrence P. McGraw
Rayovac Corporation Deferred Compensation
Emil J. Ripley and Laverne M. Ripley
Stephen P. Salzieder
Stephen P. Shanesy
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy
Dale R. Tetzlaff
Michael G. Thompson
Merrill Tomlin
Deborah L. Ulrich
Lucille Warren
Roger F. Warren
Andrew P. Warren Irrevocable Trust
Michael F. Warren Irrevocable Trust
Gary E. Wilson
Martin W. Wirt
Karl M. Wulf

Schedule E

Subsidiaries of the Company

Direct Power Plus, Inc., a New York corporation
Minera Vidaluz S.A. DE C.V., a Mexico corporation
ROV Holding, Inc., a Delaware corporation
Vidor Battery Company, a Wisconsin corporation
Rayovac Foreign Sales Corporation, a Barbados corporation
Rovcal, Inc., a California corporation
Rayovac (UK) Limited, an United Kingdom corporation
Rayovac Europe Limited, an United Kingdom corporation
Rayovac Canada, Inc., a Canada corporation
Rayovac Far East Limited, a Hong Kong corporation
Zoephos International N.V., a Netherlands Antilles corporation
Rayovac Europe, B.V., a Netherlands Antilles corporation
Brisco Electronics, B.V., a Netherlands Antilles corporation
Brisco GmbH, a German corporation

EXHIBIT A-1

FORM OF OPINION OF DEWITT, ROSS & STEVENS S.C., WISCONSIN COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
U.S. Purchase Agreement

Merrill Lynch International
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as representatives of the several
international managers to be named
in the International Purchase Agreement
c/o Merrill Lynch & Co.
North Tower
World Financial Center
New York, New York 10210-1209

Ladies and Gentlemen:

We have acted as special counsel to Rayovac Corporation, a Wisconsin corporation (the "Company") in connection with (i) the registration and sale by the Company of 5,200,000 shares of the Company's Common Stock, par value $0.01 per share (the "U.S. Shares"), pursuant to the terms of the U.S. Purchase Agreement (the "U.S. Purchase Agreement"), dated April [ ], 1998, between the Company, the persons listed on Schedule B thereto (the "Selling Shareholders") and the U.S. Underwriters named in Schedule A thereto (the "U.S. Underwriters") and (ii) the registration and sale by the company of 1,300,000 shares of Common Stock (the "International Shares," and together with the U.S. Shares, the "Shares"), pursuant to the terms of the International Purchase Agreement (the "International Purchase Agreement"), dated April [ ], 1998, between the Company, the persons listed on Schedule B thereto (the "Selling Shareholders") and the international managers named in Schedule A thereto (the "International Managers").

This opinion is being furnished pursuant to Section 5(b) of the U.S. Purchase Agreement and Section 5(b) of the International Purchase Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the U.S. Purchase Agreement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement on Form S-3 (File No. 333-) relating to the Shares filed with the Securities and Exchange Commission (the "Commission") on April 2, 1998, under the Securities Act of 1933, as amended (the "Act"), including the information deemed to be a part of the Registration Statement at the time of effectiveness pursuant to Rule 430A of the General Rules and Regulations under the Act (the "Rules and Regulations") (such registration statement, as so amended, being hereinafter referred to as the "Registration Statement"); (ii) the final U.S. prospectus dated [ ], 1998, relating to the U.S. Shares filed with the Commission on [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "U.S. Prospectus"); (iii) the final International Prospectus dated [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "International Prospectus" and together with the U.S. Prospectus, the "Prospectuses"); (iv) executed copies of the U.S. Purchase Agreement and the International Purchase Agreement; (v) a specimen certificate representing the Common Stock (the "Specimen Certificate"); and (vi) the certificate of James A. Broderick, General Counsel to the Company, attached hereto as Exhibit A (the "Officer's Certificate"). We have also examined originals or certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto (including the Company) had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinions expressed herein that are not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company.

For purposes of the opinions set forth below, with respect to any document which by its terms or otherwise is governed by the laws of any jurisdiction other than the United States of America or the State of Wisconsin, such opinions are based solely upon our understanding of the plain language of such document, and we express no opinion as to the interpretation of any such document or of any term or provisions thereof under applicable governing law or as to the effect on the opinions expressed herein of any interpretation hereof inconsistent with such undertaking. For purposes of our opinion set forth in paragraph 4, we have assumed that the certificates representing the shares referred to in such paragraph conform to the Specimen Certificate. Our

opinion set forth in paragraph 12, is based solely upon the Officer's Certificate and our discussions with James A. Broderick, General Counsel of the Company, we have not performed any docket search in any jurisdiction, and have not done any other investigation of any kind.

The opinions expressed herein are limited to the laws of the State of Wisconsin and the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing and to the other qualifications and limitations set forth herein, we are of the opinion that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Wisconsin.

(ii) The issuance of the Shares is not subject to the preemptive or other similar rights of any securityholder of the Company.

(iii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and to enter into and perform its obligations under the U.S. Purchase Agreement and the International Purchase Agreement.

(iv) The form of certificate used to evidence the Common Stock complies in all material respects with all applicable statutory requirements, with any applicable requirements of the charter and by-laws of the Company.

(v) The statements contained in or incorporated by reference therein, in the Prospectuses, with respect to the "Description of Capital Stock," to the extent that such statements constitute matters of law, summaries of legal matters or legal conclusions are correct in all material respects.

(vi) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectuses under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to the U.S. Purchase Agreement and the International Purchase Agreement); the shares of issued and outstanding capital stock have been and will have been at the Closing Time duly authorized and validly issued and are fully paid and non-assessable; except to the extent such shares are assessable as provided in Section 180.0622 of the Wisconsin Business Corporation Law, and none of the outstanding shares of capital stock of the Company was or will have been at the Closing Time issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) The Shares to be purchased by the U.S. Underwriters and the International Managers from the Selling Shareholders have duly authorized for issuance and sale to the

Underwriters pursuant to the U.S. Purchase Agreement or the International Purchase Agreement and when delivered by the Selling Shareholder pursuant thereto, will by validly issued, and fully paid and non-assessable and no holder of the Shares is or will by subject to personal liability by reason of being such a holder, except to the extent such shares are assessable as provided in Section 180.0622 of the Wisconsin Business Corporation Law.

(ix) Vidor Battery Company, the sole subsidiary is incorporated or organized under the laws of the State of Wisconsin (a "Wisconsin Subsidiary") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Wisconsin, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(x) The information in Part II of the Registration Statement under Item 15, "Indemnification of Officers and Directors," to the extent that it constitutes matters of law, summaries of legal matters, the Company's charter and bylaws or legal proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

(xi) The U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by the Company.

(xii) To the best of our knowledge, neither the Company nor its sole Wisconsin Subsidiary is in violation of its charter or by-laws and no default by the Company or its Wisconsin Subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectuses or filed or incorporated by reference as an exhibit to the Registration Statement.

(xiii) The execution, delivery and performance of the U.S. Purchase Agreement and the International Purchase Agreement and the consummation of the transactions contemplated in the U.S. Purchase Agreement, the International Purchase Agreement and in the Registration Statement and compliance by the Company with its obligations under the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or lapse of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreements) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Wisconsin Subsidiary pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument to which the Company or its Wisconsin Subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or its Wisconsin Subsidiary is subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of

the Company or any Wisconsin Subsidiary, or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Wisconsin Subsidiary or any of their respective properties, assets or operations.

EXHIBIT A-2

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
U.S. Purchase Agreement

Merrill Lynch International
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as representatives of the several
international managers to be named
in the International Purchase Agreement
c/o Merrill Lynch & Co.
North Tower
World Financial Center
New York, New York 10210-1209

Re: Public Offering of 6,700,000 Shares
of Common Stock of Rayovac Corporation

Ladies and Gentlemen:

We have acted as special counsel to Rayovac Corporation, a Wisconsin corporation (the "Company"), in connection with (i) the registration by the Company and sale by certain shareholders of 5,200,000 shares of the Company's Common Stock, par value $0.01 per share (the "U.S. Shares"), pursuant to the terms of the U.S. Purchase Agreement (the "U.S. Purchase Agreement"), dated April [ ], 1998, among the Company, the U.S. Underwriters named in Schedule A thereto (the "U.S. Underwriters") and the shareholders of the Company named in Schedule B thereto (the "Selling Shareholders") and (ii) the registration by the Company and sale by the Selling Shareholders of 1,300,000 shares of Common Stock (the "International Shares,"

and together with the U.S. Shares, the "Shares"), pursuant to the terms of the International Purchase Agreement (the "International Purchase Agreement"), dated April [ ], 1998, between the Company, and the international managers named in Schedule A thereto (the "International Managers") and the Selling Shareholders.

This opinion is being furnished pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the U.S. Purchase Agreement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement on Form S-3 (File No. 333-) relating to the Shares filed with the Securities and Exchange Commission (the "Commission") on April 2, 1998 under the Securities Act of 1933, as amended (the "Act"), including the information deemed to be a part of the Registration Statement at the time of effectiveness pursuant to Rule 430A of the General Rules and Regulations under the Act (the "Rules and Regulations") (such registration statement, as so amended, being hereinafter referred to as the "Registration Statement"); (ii) the final U.S. prospectus dated April [ ], 1998, relating to the U.S. Shares filed with the Commission on April [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the ""U.S. Prospectus"); (iii) the final International Prospectus dated April [ ], 1998, relating to the International Shares filed with the Commission on April [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "International Prospectus" and together with the U.S. Prospectus, the "Prospectuses"); (iv) executed copies of the U.S. Purchase Agreement and the International Purchase Agreement; (v) a specimen certificate representing the Common Stock (the "Specimen Certificate"); and (vi) the certificate of James A. Broderick, General Counsel to the Company, attached hereto as Exhibit A (the "Officer's Certificate"). We have also examined originals or copies certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or Photostat copies and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto (including the Company) had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinions expressed herein that were not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company.

For purposes of the opinions set forth below, with respect to any document which by its terms or otherwise is governed by the laws of any jurisdiction other than the United States of

America or the State of New York, such opinions are based solely upon our understanding of the plain language of such document, and we express no opinion as to the interpretation of any such document or of any term or provisions thereof under applicable governing law or as to the effect on the opinions expressed herein of any interpretation hereof inconsistent with such understanding. For purposes of our opinion set forth in paragraph 4, we have assumed that the certificates representing the shares referred to in such paragraph conform to the Specimen Certificate. Our opinion set forth in paragraph 5, is based solely upon the Officer's Certificate and our discussions with James A. Broderick, General Counsel of the Company; we have not performed any docket search in any jurisdiction, and have not done any other investigation of any kind.

The opinions expressed herein are limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States of America to the extent specifically referred to herein.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law of the state of Delaware and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transactions of the type contemplated by the U.S. Purchase Agreement, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A to the Officer's Certificate; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

Based upon and subject to the foregoing and to the other qualifications and limitations set forth herein, we are of the opinion that:

1. All of the issued and outstanding capital stock of ROV Holding, Inc. has been duly authorized and validly issued and is fully paid and nonassessable. None of the outstanding shares of capital stock of ROV Holding, Inc. was issued in violation of the preemptive rights of any security holder of ROV Holding, Inc. arising under the Certificate of Incorporation or By-laws of ROV Holding Inc. or any other similar rights arising under any Applicable Contract.

2. To our knowledge, based solely on our examination of the stock record book of ROV Holding, Inc., the issued and outstanding capital stock of ROV Holding, Inc. is owned of record by the Company, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity arising under any Applicable contract, except for the pledge of the capital stock of ROV Holding, Inc. by the Company pursuant to a Company Pledge Agreement dated as of September 12, 1996 between the Company and Bank of America National Trust and Savings Association in its capacity as administrative agent fore the lenders referred to therein.

3. The Registration Statement, as of its effective date, and the Prospectuses, as of their date, appeared on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the Rules and Regulations, except that, in each case, we express no opinion as to the financial statements, schedules and other financial data included therein or excluded therefrom or the exhibits to the Registration Statement, and we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement except to the extent indicated in paragraph 6 below.

4. The Specimen Certificate complies in all material respects with any requirements of the New York Stock Exchange applicable to companies whose securities are listed thereon.

5. To our knowledge, except as set forth in the Registration Statement or the Prospectuses, there are no legal, regulatory or governmental proceedings pending in any New York State or federal court to which the Company or any subsidiary of the Company listed on Exhibit 21 to the Registration Statement (each, a "Subsidiary") is a party, or to which the property of the Company or any Subsidiary is subject, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement or the performance by the Company of its obligations thereunder.

6. The statements in the Prospectuses(or incorporated by reference therein) under the captions "Description of Certain Indebtedness," "Shares Eligible for Future Sale," "Underwriting" and "Certain Federal Income Tax Considerations," to the extent that such statements constitute matters of law, summaries of legal matters or legal conclusions, are correct in all material respects.

7. No Governmental Approval is required under Applicable Laws in connection with the consummation by the Company of the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement except that we do not express any opinion as to any consent or authorization which may have become applicable to the Company as a result of the involvement of the U.S. Underwriters or of the International Managers in the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement, because of their legal or regulatory status or because of any other facts specifically pertaining to them.

8. Neither the execution and delivery of the U.S. Purchase Agreement or the International Purchase Agreement nor the consummation of the transactions contemplated therein will contravene any Applicable Laws.

9. To our knowledge, based solely upon a review of the Applicable Contracts, there are no Applicable Contracts of a character required to be filed as exhibits to the Registration Statement which are not filed as required.

10. The execution, delivery and performance of the U.S. Purchase Agreement and the International Purchase Agreement and the consummation of the transactions contemplated thereby and the use of the proceeds from the sale of the Shares as described in the Prospectuses under the caption "Use of Proceeds" do not and will not, either by itself or the giving of notice or the lapse of time or both, conflict with or constitute a breach of or a default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreements) under any Applicable Contract, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to any Applicable Contract to which the Company or any Subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject, or any Applicable Law or Governmental Approval having jurisdiction over the Company or any Subsidiary or any of their respective properties, assets or operations except in any such case for any such conflicts, breaches or defaults which would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary

11. Except as disclosed in the Registration Statement, to our knowledge, there are no persons with registration rights or other similar rights under any Applicable Contract to have any shares of Common Stock registered pursuant to the Registration Statement or otherwise registered by the Company pursuant to the 1933 Act.

12. The Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended.

We have been orally advised by the Commission that the Registration Statement was declared effective under the Act at [ ], Washington, D.C. time, April [ ], 1998; the required filing of the Prospectuses pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

In addition, we have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and you and your counsel, at which the contents of the Registration Statement, the Prospectuses and related matters were discussed and, although we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses and have made no independent check or verification thereof, on the basis of the foregoing, no facts have come to our attention that have led us to believe that the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectuses, as of their dates and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that we express no opinion or belief with respect to the financial statements, schedules and other financial data included therein or excluded therefrom or the exhibits to the Registration Statement.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

EXHIBIT A-3

FORM OF OPINION OF COUNSEL OF SELLING SHAREHOLDERS
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co., Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

MERRILL LYNCH INTERNATIONAL
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as Lead Managers for the several International
Managers
c/o Merrill Lynch International
25 Ropemaker Place
London EC2Y 9LY
England

Re: Selling Shareholder Opinion pursuant
to Section 5(b) of the Purchase Agreement

Ladies and Gentlemen:

We have acted as special counsel to Thomas H. Lee Equity Fund III, L.P., THL-CCI Limited Partnership, Thomas H. Lee Foreign Fund III, L.P., and the shareholders listed on Schedule B (each a Selling Shareholder") in connection with the execution and delivery by the Selling Shareholders of (i) the U.S. Purchase Agreement dated as of April ___, 1998 (the "U.S. Purchase Agreement") among Rayovac Corporation, a Wisconsin corporation (the "Company"), the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns & Co., Inc., and Smith Barney Inc. as representatives (the "U.S. Representatives") of the U.S. Underwriters listed in Schedule A thereto

and (ii) the International Purchase Agreement dated as of April ___, 1998 (the "International Purchase Agreement") among the Company, the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns International Limited, and Smith Barney Inc. as lead managers (the "Lead Managers") on behalf of the International Managers listed in Schedule A thereto, and the sale by the Selling Shareholders to the U.S. Underwriters (as defined in the U.S. Purchase Agreement) and the International Managers (as defined in the International Purchase Agreement) of an aggregate of 6,500,000 shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), acting severally and not jointly, to (i) the U.S. Underwriters, acting severally and not jointly, to purchase 5,200,000 shares of Common Stock (the "U.S. Securities") and (ii) the International Managers, acting severally and not jointly, to purchase 1,300,000 additional shares of Common Stock (the "International Securities," and together with the U.S. Securities, the "Securities"). This opinion is delivered to you pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the U.S. Purchase Agreement.

In connection with this opinion, we have examined or are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the U.S. Purchase Agreement; (ii) the International Purchase Agreement; (iii) the Power of Attorney and Custody Agreement dated as of April ___, 1998 among each Selling Shareholder and ________________________, each acting as Attorney-in-Fact (each, an "Attorney-in-Fact" and together, the "Attorneys-in-Fact"), and [Firstar Trust Bank], as Custodian (the "Custodian") (the "Custody Agreement" and together with the U.S. Purchase Agreement and the International Purchase Agreement, the "Transaction Documents"), (iv) the Limited Partnership Agreement of Thomas H. Lee Foreign Fund III, L.P. (the "Foreign Fund"), dated as of February 6, 1996, by and among THL Equity Advisors III Limited Partnership, a Massachusetts limited partnership ("Advisors"), and the limited partners listed on Exhibit A thereto; (v) the Second Amended and Restated Limited Partnership Agreement of Thomas H. Lee Equity Fund III, L.P. (the "Equity Fund" and together with the Foreign Fund, the "Funds"), dated as of December 22, 1995, by and among Advisors and the limited partners listed on Exhibit A thereto; (vi) the Thirteenth Amended and Restated Agreement of Limited Partnership of THL-CCI Limited Partnership ("CCI", and together with the Funds, the "Partnerships"), dated as of January 17, 1997, by and among THL Investment Management Corp. and the persons and entities admitted as limited partners; (vii) the Certificate of Limited Partnership of the Foreign Fund, dated as of January 23, 1996; (viii) the Certificate of Limited Partnership of the Equity Fund, dated as of February 14, 1995; (ix) the Certificate of Limited Partnership of CCI, dated as of July 10, 1992, as amended November 30, 1993 and March 13, 1996; (x) the First Amended and Restated Agreement of Limited Partnership of Advisors, dated as of August 15, 1995 by and among THL Equity Trust III, a Massachusetts business trust ("Equity Trust"), and the limited partners signatories thereto; (xi) the Certificate of Limited Partnership of Advisors, dated as of February 16, 1995; (xii) the Declaration of Trust of Equity Trust, made as of February 14, 1995, by and between Thomas H. Lee, as grantor, and the trustees signatories thereto; (xiii) the Consent of Trustees of Equity Trust, dated as of January 17, 1997; (xiv) the Articles of Organization and By-laws of THL Investment Management Corp., each as in effect as of the date hereof; (xv) the Consent of Sole Director of THL Investment

Management Corp., dated as of January 17, 1997; (xvi) the Certificate of Advisors, as general partner of the Equity Fund, dated as of January 17, 1997; (xvii) the Certificate of Advisors, as general partner of the Foreign Fund, dated as of November 26, 1997; (xviii) the Certificate of Equity Trust, as general partner of Advisors, dated as of November 26, 1997; (xix) the Certificate of THL Investment Management Corp., as general partner of CCI, dated as of November 26, 1997; (xx) the Officer's Certificate of THL Investment Management Corp., dated as of November 26, 1997; (xxi) the Certificate of Equity Trust, dated as of November 26, 1997 and (xxii) certificates representing the Securities. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of each of the Partnerships and others and such agreements, certificates of public officials, certificates of officers or other representatives of each of the Partnerships and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions set forth herein which we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of each of the Partnerships and others.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law and Revised Uniform Limited Partnership Act of the State of Delaware, the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transaction of the type contemplated by the Transaction Documents, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A hereto; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or Delaware, Massachusetts or New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

The opinions expressed herein are limited to (i) the General Corporation Law and the Revised Uniform Limited Partnership Act of the State of Delaware; (ii) the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts; (iii) the laws of the State of New York; and (iv) the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing, and to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. No Governmental Approval is required under Applicable Laws in connection with the offer, sale or delivery of the Securities by the Selling Shareholders under the U.S. Purchase Agreement and the International Purchase Agreement or the performance by each of the Selling Shareholders of its obligations under any of the Transaction Documents; provided, that we express no opinion as to any Governmental Approval which may be required under state securities laws or that may have become applicable to any Selling Shareholder as a result of your involvement in the U.S. Purchase Agreement or the International Purchase Agreement because of your legal or regulatory status or because of any other facts specifically pertaining to you.

2. Each of the Custody Agreements, the U.S. Purchase Agreement and the International Purchase Agreement has been duly executed and delivered by each Selling Shareholder. The Custody Agreement to which each Selling Shareholder is a party constitutes the valid and binding agreement of such Selling Shareholder enforceable against such Selling Shareholder in accordance with its terms, except that enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws nor or hereinafter in effect relating to or affecting creditors' rights generally and by general principals of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

3. The Attorney-in-Fact has been duly authorized by each Selling Shareholder to deliver and sell the U.S. Securities and the International Securities on behalf of each Selling Shareholder in accordance with the terms of each of the U.S. Purchase Agreement and the International Purchase Agreement.

4. The execution, delivery and performance of each of the Transaction Documents and the sale and delivery of the U.S. Securities and the International Securities and the consummation of the transactions contemplated in each of the U.S. Purchase Agreement and the International Purchase Agreement and compliance by each Selling Shareholder with its obligations under each of the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized by all necessary partnership action on the part of each Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under any Applicable Law or Governmental Approval of any Governmental Entity having jurisdiction over any Selling Shareholder or any of their properties, or under any indenture, mortgage, deed of trust, loan, credit agreement, note or other debt instrument to which any Selling Shareholder is a party or pursuant to which any of them is bound or any of their assets is subject and pursuant to which any Selling Shareholder has incurred indebtedness (except for such conflicts, breaches or defaults or liens, charges or encumbrances which would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of any Selling Shareholder, whether or not arising in the ordinary course of business) nor will such action result in any violation of the provisions of the partnership agreements of any of the Selling Shareholders, as the case may be.

5. To our knowledge, (i) each Selling Shareholder has the power and authority as a limited partnership as the case to sell, transfer and deliver the U.S. Securities and the International Securities pursuant to each of the U.S. Purchase Agreement and the International Purchase Agreement and (ii) each Selling Shareholder has the power and authority to sell,

transfer and deliver the U.S. Securities and the International Securities pursuant to each of the U.S. Purchase Agreement and the International Purchase Agreement. Assuming that neither any U.S. Representatives nor any U.S. Underwriter has notice of adverse claims with respect to the certificates identified on Schedule B as representing the U.S. Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the U.S. Representatives in the State of New York of such certificates indorsed to the U.S. Representatives or indorsed in blank, the U.S. Representatives will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York. Assuming that neither any Lead Manager nor any International Manager has notice of adverse claims with respect to the certificates identified on Schedule B as representing the International Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the Lead Managers in the State of New York of such certificates indorsed to the Lead Managers or indorsed in blank, the Lead Managers will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

EXHIBIT A-4

FORM OF OPINION OF COUNSEL OF CATEGORY 2 SELLING SHAREHOLDERS
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co., Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

MERRILL LYNCH INTERNATIONAL
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as Lead Managers for the several International
Managers
c/o Merrill Lynch International
25 Ropemaker Place
London EC2Y 9LY
England

Re: Selling Shareholder Opinion pursuant
to Section 5(b) of the Purchase Agreement

Ladies and Gentlemen:

We have acted as special counsel to __________________________ (the "Selling Shareholder") in connection with the execution and delivery by the Selling Shareholders of (i) the U.S. Purchase Agreement dated as of April ___, 1998 (the "U.S. Purchase Agreement") among Rayovac Corporation, a Wisconsin corporation (the "Company"), the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns & Co., Inc., and Smith Barney Inc. as representatives (the "U.S. Representatives") of the U.S. Underwriters listed in Schedule A thereto and (ii) the International Purchase Agreement dated as of April ___, 1998 (the "International Purchase Agreement") among the Company, the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns

International Limited, and Smith Barney Inc. as lead managers (the "Lead Managers") on behalf of the International Managers listed in Schedule A thereto, and the sale by the Selling Shareholders to the U.S. Underwriters (as defined in the U.S. Purchase Agreement) and the International Managers (as defined in the International Purchase Agreement) of an aggregate of 6,500,000 shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), acting severally and not jointly, to (i) the U.S. Underwriters, acting severally and not jointly, to purchase 5,200,000 shares of Common Stock (the "U.S. Securities") and (ii) the International Managers, acting severally and not jointly, to purchase 1,300,000 additional shares of Common Stock (the "International Securities," and together with the U.S. Securities, the "Securities"). This opinion is delivered to you pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the U.S. Purchase Agreement.

In connection with this opinion, we have examined or are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the U.S. Purchase Agreement; (ii) the International Purchase Agreement; (iii) the Power of Attorney and Custody Agreement dated as of April ___, 1998 among each Selling Shareholder and _______________________, each acting as Attorney-in-Fact (each, an "Attorney-in-Fact" and together, the "Attorneys-in-Fact"), and [Firstar Trust Bank], as Custodian (the "Custodian") (the "Custody Agreement" and together with the U.S. Purchase Agreement and the International Purchase Agreement, the "Transaction Documents"), and (iv) certificates representing the Securities. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such agreements, certificates of public officials, certificates of officers or other representatives of the Selling Shareholders and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions set forth herein which we did not independently establish or verify, we have relied upon statements and representations of the Selling Shareholder.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law and Revised Uniform Limited Partnership Act of the State of Delaware, the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transaction of the type contemplated by the Transaction Documents, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A hereto; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or Delaware, Massachusetts or

New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

The opinions expressed herein are limited to (i) the General Corporation Law of the State of Delaware; (ii) the Business Corporation Law of the Commonwealth of Massachusetts; (iii) the laws of the State of New York; and (iv) the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing, and to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. No Governmental Approval is required under Applicable Laws in connection with the offer, sale or delivery of the Securities by the Selling Shareholder under the U.S. Purchase Agreement and the International Purchase Agreement or the performance by such Selling Shareholders of its obligations under any of the Transaction Documents; provided, that we express no opinion as to any Governmental Approval which may be required under state securities laws or that may have become applicable to the Selling Shareholder as a result of your involvement in the U.S. Purchase Agreement or the International Purchase Agreement because of your legal or regulatory status or because of any other facts specifically pertaining to you.

2. Each of the Custody Agreements, the U.S. Purchase Agreement and the International Purchase Agreement has been duly executed and delivered by the Selling Shareholder. The Custody Agreement to which such Selling Shareholder is a party constitutes the valid and binding agreement of such Selling Shareholder enforceable against such Selling Shareholder in accordance with its terms, except that enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws nor or hereinafter in effect relating to or affecting creditors' rights generally and by general principals of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

3. The Attorney-in-Fact has been duly authorized by such Selling Shareholder to deliver and sell the U.S. Securities and the International Securities on behalf of such Selling Shareholder in accordance with the terms of each of the U.S. Purchase Agreement and the International Purchase Agreement.

4. The execution, delivery and performance of each of the Transaction Documents and the sale and delivery of the U.S. Securities and the International Securities and the consummation of the transactions contemplated in each of the U.S. Purchase Agreement and the International Purchase Agreement and compliance by such Selling Shareholder with its obligations under each of the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized on the part of such Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under any Applicable Law or Governmental Approval of any Governmental Entity having jurisdiction over such Selling Shareholder or any of its properties or any material contract known to us to which the Seller is a party or to which any of its properties are subject.

5. To our knowledge, such Selling Shareholder has the power and authority to sell, transfer and deliver the U.S. Securities and the International Securities pursuant to each of the U.S. Purchase Agreement and the International Purchase Agreement. Assuming that neither any U.S. Representatives nor any U.S. Underwriter has notice of adverse claims with respect to the certificates identified on Schedule B as representing the U.S. Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the U.S. Representatives in the State of New York of such certificates indorsed to the U.S. Representatives or indorsed in blank, the U.S. Representatives will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York. Assuming that neither any Lead Manager nor any International Manager has notice of adverse claims with respect to the certificates identified on Schedule B as representing the International Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the Lead Managers in the State of New York of such certificates indorsed to the Lead Managers or indorsed in blank, the Lead Managers will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

\

EXHIBIT B

_________________, 1998

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
within-mentioned U.S. Purchase Agreement
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Re: Proposed Public Offering by Rayovac Corporation

Dear Sirs:

The undersigned, a stockholder of Rayovac Corporation, a Wisconsin Corporation (the "Company") understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. propose to enter into a U.S. Purchase Agreement (the "U.S. Purchase Agreement") with the Company providing for the public offering of shares (the "Securities") of the Company's common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the U.S. Purchase Agreement that, during a period of 90 days from the date of the U.S. Purchase Agreement, the undersigned will not, without the prior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or

hereafter acquires the power of disposition, or file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, the undersigned may transfer any or all of its shares of Company Common Stock (i) by gift, will or intestacy, (ii) to its affiliates, as such term is defined in Rule 405 promulgated under the Securities Act of 1933, as amended, or (iii) in the event the undersigned is an individual, to his or her immediate family or to a trust the beneficiaries of which are exclusively the undersigned and/or a member or members of his or her immediate family; provided, however, that in any such case it shall be a condition to any such transfer that the transferee execute an agreement stating that the transferee is receiving and holding the shares subject to the provisions of this letter agreement and there shall be no further transfer of such shares except in accordance with the provisions of this letter agreement.

Very truly yours,

Signature: _____________________

Print Name: ____________________

EXHIBIT C-1

FORM OF COMFORT LETTER OF
KPMG PEAT MARWICK LLP PURSUANT TO SECTION 5(f)

attached hereto

EXHIBIT C-2

FORM OF COMFORT LETTER OF
COOPERS & LYBRAND LLP PURSUANT TO SECTION 5(f)

Attached hereto

==

RAYOVAC CORPORATION
(a Wisconsin corporation)

1,300,000 Shares of Common Stock

INTERNATIONAL PURCHASE AGREEMENT

Dated: May __, 1998

==

Table of Contents

Page

INTERNATIONAL PURCHASE AGREEMENT....1
SECTION 1. Representations and Warranties....3
(a) Representations and Warranties by the Company....3
(i) Compliance with Registration Requirements....3
(ii) Independent Accountants....3
(iii) Financial Statements....4
(iv) No Material Adverse Change in Business....5
(v) Good Standing of the Company....5
(vi) Good Standing of Subsidiaries....5
(vii) Capitalization....5
(viii) Authorization of Agreement....6
(ix) Authorization and Description of Securities....6
(x) Absence of Defaults and Conflicts....6
(xi) Absence of Labor Dispute....7
(xii) Absence of Proceedings....7
(xiii) Accuracy of Exhibits....7
(xiv) Possession of Intellectual Property....7
(xv) Absence of Further Requirements....8
(xvi) Possession of Licenses and Permits....8
(xvii) Title to Property....8
(xviii) Investment Company Act....9
(xix) Environmental Laws....9
(xx) Registration Rights....9
(xxi) Stabilization or Manipulation....9
(xxii) Accounting Controls....10
(xxiii) Tax Returns....10
(xxiv) No Association with NASD....10
(b) Representations and Warranties by the Selling Shareholders....10
(i) Accurate Disclosure by Selling Shareholders....10
(ii) Authorization of Agreements....11
(iii) Valid Title....11
(iv) Due Execution of Power of Attorney and Custody Agreement....12
(v) Absence of Manipulation....12
(vi) Absence of Further Requirements....12
(vii) Certificates Suitable for Transfer....12
(viii) Irrevocable Obligations....12
(ix) No Association with NASD....13
(x) Power and Authority....13

(c) Officer's Certificates....13

SECTION 2. Sale and Delivery to International Managers; Closing....14
(a) Initial Securities....14
(b) Option Securities....14
(c) Payment....14
(d) Denominations; Registration....15

SECTION 3. Covenants of the Company....15
(a) Compliance with Securities Regulations and Commission Requests....15
(b) Filing of Amendments....16
(c) Delivery of Registration Statements....16
(d) Delivery of Prospectuses....16
(e) Continued Compliance with Securities Laws....17
(f) Blue Sky Qualifications....17
(g) Rule 158....17
(h) Restriction on Sale of Securities....17
(i) Reporting Requirements....18

SECTION 4. Payment of Expenses....18
(a) Expenses....18
(b) Expenses of the Selling Shareholders....18
(c) Termination of Agreement....19
(d) Allocation of Expenses....19

SECTION 5. Conditions of International Managers' Obligations....19
(a) Effectiveness of Registration Statement....19
(b) Opinion of Counsel for the Company and the Selling Shareholders....19
(c) Opinion of Counsel for International Managers....20
(d) Officers' Certificate....20
(e) Selling Shareholders' Certificate....20
(f) Accountant's Comfort Letters....20
(g) Bring-down Comfort Letters....21
(h) No Objection....21
(i) Lock-up Agreements....21
(j) Purchase of Initial U.S. Securities....21
(k) Custody Agreement....21
(l) Conditions to Purchase of International Option Securities....21
(m) Additional Documents....22
(n) Termination of Agreement....23

SECTION 6. Indemnification....23
(a) Indemnification of International Managers by the Company....23
(b) Indemnification of the International Managers by the Selling Shareholders....24
(c) Indemnification of Company, Directors and Officers and Selling Shareholders....25
(d) Actions against Parties; Notification....26
(e) Settlement without Consent if Failure to Reimburse....26

(f) Other Agreements with Respect to Indemnification....26

SECTION 7. Contribution....27

SECTION 8. Representations, Warranties and Agreements to Survive Delivery....28

SECTION 9. Termination of Agreement....28
(a) Termination; General....28
(b) Liabilities....29

SECTION 10. Default by One or More of the International Managers....29

SECTION 11. Notices....30

SECTION 12. Parties....30

SECTION 13. Governing Law and Time....30

SECTION 14. Effect of Headings....30

SECTION 15. Counterparts....31

SCHEDULE A	LIST OF UNDERWRITERS
SCHEDULE B	LIST OF SELLING SHAREHOLDERS
SCHEDULE B-1	LIST OF OVER-ALLOTMENT SELLING SHAREHOLDERS
SCHEDULE C	PRICING INFORMATION
SCHEDULE D	LIST OF PERSONS AND ENTITIES SUBJECT TO LOCK-UP
SCHEDULE E	LIST OF SUBSIDIARIES OF THE COMPANY

EXHIBIT A-1	FORM OF OPINION OF COMPANY'S GENERAL COUNSEL
EXHIBIT A-2	FORM OF OPINION OF COMPANY'S COUNSEL
EXHIBIT A-3	FORM OF OPINION OF COUNSEL OF SELLING SHAREHOLDERS
EXHIBIT A-4	FORM OF OPINION OF COUNSEL OF CATEGORY 2 SELLING SHAREHOLDERS
EXHIBIT B	FORM OF LOCK-UP LETTER
EXHIBIT C-1	FORM OF COMFORT LETTER OF KPMG PEAT MARWICK LLP
EXHIBIT C-2	FORM OF COMFORT LETTER OF COOPERS & LYBRAND LLP

RAYOVAC CORPORATION

(a Wisconsin corporation)

1,300,000 Shares of Common Stock

(Par Value $0.01 Per Share)

INTERNATIONAL PURCHASE AGREEMENT

April __, 1997

MERRILL LYNCH INTERNATIONAL
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Salomon Smith Barney Inc.
c/o Merrill Lynch International
25 Ropemaker Place
London EC2Y 9LY
England

Ladies and Gentlemen:

Rayovac Corporation, a Wisconsin corporation (the "Company") and the persons listed on Schedule B hereto (collectively, the "Selling Shareholders") confirm their respective agreements with Merrill Lynch International and each of the other International Managers named in Schedule A hereto (collectively, the "International Managers," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch International, Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. are acting as representatives (in such capacity, the "Lead Managers"), with respect to (i) the sale by the Selling Shareholders and the purchase by the International Managers, acting severally and not jointly, of the number of shares of Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in Schedule A hereto and (ii) the grant by the Selling Shareholders, to the International Managers, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 195,000 additional shares of Common Stock to cover over-allotments, if any. The aforesaid 1,300,000 shares of Common Stock (the "Initial International Securities") to be purchased by the International Managers, and all or any part of the 195,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "International Option Securities"), are hereinafter called, collectively, the "International Securities."

It is understood that the Company is concurrently entering into an agreement dated the date hereof (the "U.S. Purchase Agreement") providing for the offering by the Selling Shareholders of an aggregate of 5,200,000 shares of Common Stock (the "Initial U.S. Securities") through arrangements with certain underwriters in the United States and Canada (the "U.S. Underwriters") for which Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Salomon Smith Barney Inc. are acting as representatives (the "U.S. Representatives") and the grant by the Company, to the U.S. Underwriters, acting severally and not jointly, of an option to purchase all or any part of the U.S. Underwriters' pro rata portion of up to 780,000 additional shares of Common Stock solely to cover over-allotments, if any (the "U.S. Option Securities" and, together with the International Option Securities, the "Option Securities"). The Initial U.S. Securities and the U.S. Option Securities are hereinafter called the "U.S. Securities." It is understood that the Company is not obligated to sell and the International Managers are not obligated to purchase, any Initial International Securities unless all of the Initial U.S. Securities are contemporaneously purchased by the U.S. Underwriters.

The International Managers and the U.S. Underwriters are hereinafter collectively called the "Underwriters," the Initial International Securities and the Initial U.S. Securities are hereinafter collectively called the "Initial Securities," and the International Securities and the U.S. Securities are hereinafter collectively called the "Securities."

The Underwriters will concurrently enter into an Intersyndicate Agreement of even date herewith (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the Underwriters under the direction of Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (in such capacity, the "Global Coordinator").

The Company and the Selling Shareholders understand that the International Managers propose to make a public offering of the International Securities as soon as the Lead Managers deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-492281), as amended by Amendment No. 1 thereto, covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations, or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). Two forms of prospectus are to be used in connection with the offering and sale of the Securities: one relating to the International Securities (the "Form of International Prospectus") and one relating to the U.S. Securities (the "Form of U.S. Prospectus"). The Form of U.S. Prospectus is identical to the Form of International Prospectus, except for the front cover and back cover pages and the information under the caption "Underwriting." The information included in any such prospectus or in any such Term Sheet, as the case may be, that was omitted from such registration statement

at the time it became effective but that is deemed to be part of such registration statement at the time it became effective (a) pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information" or (b) pursuant to paragraph (d) of Rule 434 is referred to as "Rule 434 Information." Each Form of International Prospectus and Form of U.S. Prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto and schedules thereto at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final Form of International Prospectus and the final Form of U.S. Prospectus in the forms first furnished to the Underwriters for use in connection with the offering of the Securities are herein called the "International Prospectus" and the "U.S. Prospectus," respectively, and collectively, the "Prospectuses." If Rule 434 is relied on, the terms "International Prospectus" and "U.S. Prospectus" shall refer to the preliminary International Prospectus dated May __, 1998 and the preliminary U.S. Prospectus dated May __, 1998, respectively, each together with the applicable Term Sheet, and all references in this Agreement to the date of such Prospectuses shall mean the date of the applicable Term Sheet. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the International Prospectus, the U.S. Prospectus or any Term Sheet or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

SECTION 1. Representations and Warranties.

(a) Representations and Warranties by the Company. The Company represents and warrants to each International Manager as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each International Manager, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any International Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the

requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither of the Prospectuses nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectuses or any amendments or supplements thereto were issued and at the Closing Time (and, if any International Option Securities are purchased, at the Date of Delivery), included or will include, at the aforesaid times, an untrue statement of a material fact or omitted or will omit, at the aforesaid times, to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434 and the Prospectuses shall not be "materially different," as such term is used in Rule 434, from the prospectuses included in the Registration Statement at the time it became effective. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectuses made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Lead Managers or the U.S. Representatives expressly for use in the Registration Statement or the Prospectuses.

Each preliminary prospectus and the prospectuses filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectuses delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) Financial Statements. The historical financial statements included in the Registration Statement and the Prospectuses, together with the related schedule and notes, present fairly the financial position of the Company and its consolidated Subsidiaries (as defined below) at the dates indicated and the statement of operations, shareholders' equity and cash flows of the Company and its consolidated Subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectuses present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein, (A) there has been no material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Wisconsin and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. Each subsidiary of the Company (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, where such legal concepts are recognized, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable in jurisdictions where such legal concepts are recognized and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except as set forth in the Registration Statement and except for any director or member qualifying shares); none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only Subsidiaries of the Company are the subsidiaries listed on Schedule E hereto and, except for Rayovac Europe Limited (which represents less than 15% of the assets, liabilities and earnings of the Company) the Company has no "significant subsidiaries" as defined in Section 1-02 of Regulation S-X.

(vii) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectuses under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations,

agreements or employee benefit plans referred to in the Prospectuses or pursuant to the exercise of convertible securities or options referred to in the Prospectuses). The shares of issued and outstanding capital stock of the Company have been and at the Closing Time, including the International Option Securities to be purchased by the International Managers from the Selling Shareholders, will have been duly authorized and validly issued and are fully paid and non-assessable except to the extent such securities are assessable pursuant to applicable provisions of Wisconsin law; none of the outstanding shares of capital stock of the Company was or as of the Closing Time, including the International Option Securities to be purchased by the International Managers from the Selling Shareholders, will have been or was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) Authorization of Agreement. This Agreement and the U.S. Purchase Agreement have been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities to be purchased by the International Managers and the U.S. Underwriters from the Selling Shareholders have been duly authorized for issuance and sale to the International Managers pursuant to this Agreement and the U.S. Underwriters pursuant to the U.S. Purchase Agreement, respectively, and, are validly issued, fully paid and non-assessable; the Common Stock conforms to the descriptions thereof contained in the Prospectuses or incorporated by reference therein and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder, except for certain liabilities pursuant to applicable provisions of Wisconsin Law; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the U.S. Purchase Agreement and the consummation of the transactions contemplated in this Agreement, the U.S. Purchase Agreement and in the Registration Statement and the compliance by the Company with its obligations under this Agreement and the U.S. Purchase Agreement have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, the Agreements and Instruments which would reasonably be expected, either singly or in the aggregate, to result in a Material Adverse Effect, nor will such action result in any violation of any applicable

law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their assets, properties or operations, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any Subsidiary.

(xi) Absence of Labor Dispute. Except as described in the Registration Statement with respect to the renegotiation of collective bargaining agreements, no labor dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any Subsidiary's principal suppliers, manufacturers, customers, dealers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement and the U.S. Purchase Agreement or the performance by the Company of its obligations hereunder or thereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business of the Company and its Subsidiaries would not reasonably be expected to result in a Material Adverse Effect.

(xiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits thereto which have not been so described or filed or incorporated by reference as required.

(xiv) Possession of Intellectual Property. Except as described in the Registration Statement, the Company and its Subsidiaries own or possess the right to utilize, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual

Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering or sale of the Securities under this Agreement and the U.S. Purchase Agreement or the consummation of the transactions contemplated by this Agreement and the U.S. Purchase Agreement, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations and foreign or state securities or blue sky laws or the rules or regulations of the NASD.

(xvi) Possession of Licenses and Permits. The Company and its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to possess the same would not, singly or in the aggregate have a Material Adverse Effect; the Company and its Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xvii) Title to Property. The Company and its Subsidiaries have good and marketable title to all real property owned by the Company and its Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectuses or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries or (c) would not reasonably be expected to result in a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Prospectuses, are in full force and effect, and neither the Company nor any Subsidiary has any notice of any claim of any sort that has been asserted by anyone adverse to the rights of the

Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease which would reasonably be expected to result in a Material Adverse Effect.

(xviii) Investment Company Act. The Company is not, and upon the issuance and sale of the Securities as herein contemplated will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xix) Environmental Laws. Except as described in the Registration Statement or except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its Subsidiaries have all permits, licenses, authorizations and approvals currently required for their respective businesses and for the businesses contemplated to be conducted upon consummation of the offering of the Securities under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries and (D) there are no events, facts or circumstances that might reasonably be expected to form the basis of any liability or obligation of the Company or any of its Subsidiaries, including, without limitation, any order, decree, plan or agreement requiring clean-up or remediation, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to any Hazardous Materials or any Environmental Laws.

(xx) Registration Rights. Except for those persons (i) set forth on Schedule B hereto or (ii) who have waived any such rights, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement under the 1933 Act. Except as described in the Registration Statement, there are no persons with registration rights or other similar rights to have any securities registered by the Company under the 1933 Act.

(xxi) Stabilization or Manipulation. Neither the Company nor any of its officers, directors or controlling persons has taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be

expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale of the Securities.

(xxii) Accounting Controls. The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxiii) Tax Returns. The Company and its Subsidiaries have filed all federal, state, local and foreign tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law or have duly requested extensions thereof, except insofar as the failure to file such returns or request such extensions would not reasonably be expected to result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and its Subsidiaries, except for such taxes or assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided or where the failure to pay would not reasonably be expected to result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability of the Company and each Subsidiary for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not reasonably be expected to result in a Material Adverse Effect.

(xxiv) No Association with NASD. Neither the Company nor any of its affiliates (within the meaning of NASD Conduct Rule 2720(b)(1)(a)) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is an associated person (within the meaning of Article I, Section 1(q) of the By-laws of the National Association of Securities Dealers, Inc.), of any member firm of the National Association of Securities Dealers, Inc., other than as described on an appendix to a Selling Shareholders' Power of Attorney and Custody Agreement (as defined herein).

b) Representations and Warranties by the Selling Shareholders. Each Selling Shareholder, severally and not jointly, represents and warrants to each International Manager as of the date hereof, and, if such Selling Shareholder is selling International Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each International Manager, as follows:

(i) Accurate Disclosure by Selling Shareholders. (A) The information furnished in writing by or on behalf of such Selling Shareholder listed on Schedule B hereto expressly for use in the Registration Statement and any amendments or supplements thereto does not contain an untrue statement of a material fact with respect to such Selling

Shareholder or omit to state a material fact with respect to such Selling Shareholder required to be stated therein or necessary to make the statements regarding the Selling Shareholder therein not misleading and (B) the information furnished in writing by or on behalf of such Selling Shareholder expressly for use in the Prospectus does not include an untrue statement of a material fact with respect to such Selling Shareholder or omit to state a material fact with respect to such Selling Shareholder necessary in order to make the statements regarding the Selling Shareholder therein, in the light of the circumstances under which they were made, not misleading.

(ii) Authorization of Agreements. Such Selling Shareholder has the full right, power and authority to enter into this Agreement and the Power of Attorney and Custody Agreement (the "Power of Attorney and Custody Agreement") with Firstar Trust Company, as custodian (the "Custodian"), and the attorneys-in-fact named therein (each an "Attorney-in-Fact"), and to sell, transfer and deliver the Securities to be sold by such Selling Shareholder hereunder. The execution and delivery of this Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities to be sold by such Selling Shareholder and the consummation of the transactions contemplated herein and compliance by such Selling Shareholder with its obligations hereunder have been duly authorized by such Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by such Selling Shareholder or any property or assets of such Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder may be bound, or to which any of the property or assets of such Selling Shareholder is subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of such Selling Shareholder (a "Selling Shareholder Material Adverse Effect"), whether or not arising in the ordinary course of business), nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of such Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over such Selling Shareholder or any of its properties which would reasonably be expected, either singly or in the aggregate, to result in a Selling Shareholder Material Adverse Effect.

(iii) Valid Title. Such Selling Shareholder has on the date hereof and will at the Closing Time and on the Date of Delivery have good and valid title to the International Securities to be sold by such Selling Shareholder hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind, other than pursuant to this Agreement; and upon delivery of such International Securities and payment of the purchase price therefor as herein contemplated, assuming each such Underwriter has no notice of any adverse claim as such term is used in the Uniform Commercial Code,

each of the Underwriters will receive valid title to the International Securities purchased by it from such Selling Shareholder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

(iv) Due Execution of Power of Attorney and Custody Agreement. Each such Selling Shareholder has duly executed and delivered a Power of Attorney and Custody Agreement; the Custodian is authorized by each such Selling Shareholder to deliver the International Securities to be sold by such Selling Shareholder hereunder and to accept payment therefor; and each Attorney-in-Fact named in the Power of Attorney and Custody Agreement executed by such Selling Shareholder is authorized by such Selling Shareholder to execute and deliver this Agreement and the certificate referred to in Section 5(e) of this Agreement or that may be required pursuant to Sections 5(m) or 5(n) of this Agreement on behalf of such Selling Shareholder, to sell, assign and transfer to the International Managers the International Securities to be sold by such Selling Shareholder hereunder, to determine the purchase price to be paid by the U.S. Underwriters to such Selling Shareholder, as provided in Section 2(a) hereof, to authorize the delivery of the Securities to be sold by such Selling Shareholder hereunder, to accept payment therefor, and otherwise to act on behalf of such Selling Shareholder in connection with this Agreement.

(v) Absence of Manipulation. Such Selling Shareholder has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the International Securities.

(vi) Absence of Further Requirements. No filing with, or consent, approval, authorization, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by each such Selling Shareholder of their obligations hereunder or in the Power of Attorney and Custody Agreement, or in connection with the sale and delivery of the International Securities being sold by each such Selling Shareholder hereunder or the consummation of the transactions contemplated by this Agreement, except such as may have previously been made or obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state or foreign securities laws or under the rules of the NASD.

(vii) Certificates Suitable for Transfer. Certificates for all of the International Securities to be sold by such Selling Shareholder pursuant to this Agreement, in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures guaranteed, have been placed in custody with the Custodian with irrevocable conditional instructions to deliver such International Securities to the International Managers pursuant to this Agreement.

(viii) Irrevocable Obligations. The International Securities represented by the Certificates held in custody for such holder under the Custody Agreement are subject to the interests of the International Managers hereunder; the arrangements made by such

holder for such custody, and the appointment by such holder of the Attorneys-in-fact by the Power of Attorney, are to that extent irrevocable; the obligations of such holder hereunder shall not be terminated, except as provided in the Agreement or in the Power of Attorney, by operation of law, whether by the death or incapacity of any individual Selling Shareholder or, in the case of an estate or trust, by the death or incapacity of any executor or trustee or the termination of such trust estate or trust, or in the case of a partnership or corporation, by the dissolution of such partnership or corporation, or by the occurrence of any other event, if any individual Selling Shareholder or any such executor or trustee should die or become incapacitated, or if any such estate or trust should be terminated, or any such partnership or corporation should be dissolved, or if any other event should occur, before the delivery of the International Securities hereunder, certificates representing the International Securities shall be delivered by or on behalf of such holder in accordance with the terms and conditions of this Agreement and of the Power of Attorney and Custody Agreement; and actions taken by the Attorney-in-Fact pursuant to the Powers of Attorney shall be as valid as if such death, incapacity, termination, dissolution or other event had not occurred, regardless of whether or not the Custodian, Attorney-in-Fact, or any of them, shall have received notice of such death, incapacity, termination, dissolution or other event.

(ix) No Association with NASD. Neither such Selling Shareholder nor any of its affiliates (within the meaning of NASD Conduct Rule 2720(b)(1)(a)) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is an associated person (within the meaning of Article I, Section 1(q) of the By-laws of the National Association of Securities Dealers, Inc.), of, any member firm of the National Association of Securities Dealers, Inc., other than as described on an appendix to the Power of Attorney and Custody Agreement to which such Selling Shareholder is a party.

(x) Power and Authority. If such Selling Shareholder is a corporation, partnership or trust, such Selling Shareholder has been duly organized or incorporated and is validly existing as a corporation or partnership or limited partnership in good standing under the laws of its jurisdiction of incorporation or organization, if applicable, and has the power and authority to own its property and to conduct its business and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not result in a Selling Shareholder Material Adverse Effect, whether or not arising in the ordinary course of business, or materially impair its ability to consummate the transactions contemplated hereby.

(c) Officer's Certificates. Any certificate signed by any officer of the Company or any of its Subsidiaries delivered to the Global Coordinator, the Lead Managers or to counsel for the International Managers shall be deemed a representation and warranty by the Company to each International Manager as to the matters covered thereby; and any certificate signed by or on behalf of any Selling Shareholder as such and delivered to the International Managers or to counsel for the International Managers pursuant to the terms of this Agreement shall be deemed a

representation and warranty by such Selling Shareholder, as the case may be, to the International Managers as to the matters covered thereby.

SECTION 2. Sale and Delivery to International Managers; Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Shareholders agree to sell to each International Manager, severally and not jointly, to the extent indicated on Schedule A hereto, and each International Manager, severally and not jointly, agrees to purchase from the Selling Shareholders, at the price per share set forth in Schedule C, the proportion of the number of Initial International Securities being sold by each Selling Shareholder set forth in Schedule B opposite the name of each Selling Shareholder which the number of International Securities set forth in Schedule A opposite the name of such International Manager, (plus any additional number of Initial International Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof) bears to the total number of International Securities, in each case, with such adjustments among the International Managers as the global coordinator in its sole discretion shall make to eliminate any sales or purchases of fractional securities.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Shareholders, severally and not jointly, hereby grant an option to the International Managers, severally and not jointly, to purchase up to an additional 195,000 shares of Common Stock to the extent indicated on Schedule B-1, at the price per share set forth in Schedule C, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial International Securities but not payable on the International Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial International Securities upon notice by the Global Coordinator to the Selling Shareholders setting forth the number of International Option Securities as to which the several International Managers are then exercising the option and the time and date of payment and delivery for such International Option Securities. Any such time and date of delivery for the International Option Securities (a "Date of Delivery") shall be determined by the Global Coordinator, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the International Option Securities, each of the International Managers, acting severally and not jointly, will purchase that proportion of the total number of International Option Securities then being purchased which the number of Initial International Securities set forth in Schedule A opposite the name of such International Manager bears to the total number of Initial International Securities, subject in each case to such adjustments as the Global Coordinator in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) Payment. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Fried, Frank, Harris, Shriver & Jacobson, 1 New York Plaza, New York, New York 10004, or at such other place as shall be agreed upon by the

Global Coordinator and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Global Coordinator and the Selling Shareholders or the Attorneys-in-Fact on behalf of the Selling Shareholders (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the International Option Securities are purchased by the International Managers, payment of the purchase price for, and delivery of certificates for, such International Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Global Coordinator and the Selling Shareholders or the Attorneys-in-Fact on behalf of the Selling Shareholders, on each Date of Delivery as specified in the notice from the Global Coordinator to the Selling Shareholders.

Payment shall be made to each Selling Shareholder by wire transfer of immediately available funds to a bank account designated by the Custodian pursuant to the Selling Shareholders' Power of Attorney and Custody Agreement, against delivery to the Lead Managers for the respective accounts of the International Managers of certificates for the International Securities to be purchased by them. It is understood that each International Manager has authorized the Lead Managers, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial International Securities and the International Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the International Managers, may (but shall not be obligated to) make payment of the purchase price for the Initial International Securities or the International Option Securities, if any, to be purchased by any International Manager whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such International Manager from its obligations hereunder.

(d) Denominations; Registration. Certificates for the Initial International Securities and the International Option Securities, if any, shall be in such denominations and registered in such names as the Lead Managers may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial International Securities and the International Option Securities, if any, will be made available for examination and packaging by the Lead Managers in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each International Manager as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Global Coordinator immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement, shall become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the

Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectuses or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give the Global Coordinator notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectuses, will furnish the Global Coordinator with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Global Coordinator or counsel for the International Managers shall reasonably object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to the Lead Managers and counsel for the International Managers, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Lead Managers, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the International Managers. The copies of the Registration Statement and each amendment thereto furnished to the International Managers will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company has delivered or will deliver to each International Manager, without charge, as many copies of each preliminary prospectus as such International Manager reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each International Manager, without charge, during the period when the International Prospectus is required to be delivered under the 1933 Act or the Securities Exchange Act of 1934 (the "1934 Act"), such number of copies of the International Prospectus (as amended or supplemented) as such International Manager may reasonably request. The International Prospectus and any amendments or supplements thereto furnished to the International Managers will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement, the U.S. Purchase Agreement and in the Prospectuses. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectuses will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectuses comply with such requirements, and the Company will furnish to the International Managers such number of copies of such amendment or supplement as the International Managers may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the International Managers, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Global Coordinator may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that neither the Company nor any of the Selling Shareholders shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement and any Rule 462(b) Registration Statement.

(g) Rule 158. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Restriction on Sale of Securities. During a period of 90 days from the date of the Prospectuses, the Company will not, without the prior written consent of the Global Coordinator, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii)

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise except pursuant to Common Stock issued in connection with (y) the Company's stock option plans existing at the Closing Time or (z) acquisitions by the Company; provided that, in the case of clause (z), it shall be a condition to such stock issuance that the third party receiving such shares executes a lock-up agreement on substantially the same terms as described above for a period expiring 90 days from the date of the Prospectus and there shall be no further transfer of such shares except in accordance with the provisions of such lock-up agreement. The foregoing sentence shall not apply to the Securities to be sold hereunder or under the U.S. Purchase Agreement

(i) Reporting Requirements. The Company, during the period when the Prospectuses are required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

SECTION 4. Payment of Expenses. (a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities by the Company to the Underwriters and the transfer of the Securities between the International Managers and the U.S. Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheets and of the Prospectuses and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the blue sky survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the NASD of the terms of the sale of the Securities.

(b) Expenses of the Selling Shareholders. The Company will pay all expenses incident to the performance of the Selling Shareholders' obligations under, and the consummation of the transactions contemplated by, this Agreement (other than any underwriting discount), including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the International Option Securities by the Selling Shareholders to the

Underwriters, and their transfer between the Underwriters pursuant to an agreement between such Underwriters and (ii) the fees and disbursements of the Selling Shareholders' counsel and accountants.

(c) Termination of Agreement. If this Agreement is terminated by the Lead Managers in accordance with the provisions of Section 5 or Sections 9(a)(i) or (ii) hereof, the Company shall reimburse the International Managers for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the International Managers.

(d) Allocation of Expenses. The provisions of this Section shall not affect any agreement that the Company and the Selling Shareholders may make for the sharing of such costs and expenses.

SECTION 5. Conditions of International Managers' Obligations. The obligations of the several International Managers hereunder are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholders contained in Section 1 hereof or in certificates of any officer of the Company or any Subsidiary of the Company or on behalf of the Selling Shareholders delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective under the 1933 Act; and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the International Managers. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) Opinion of Counsel for the Company and the Selling Shareholders. At Closing Time, the Lead Managers shall have received the favorable opinions, dated as of Closing Time, of (i) Dewitt, Ross & Stevens s.c., counsel to the Company, relating to certain matters of Wisconsin law, (ii) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Company, (iii) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel for the Category 1 Selling Shareholders and special counsel to the Category 2 Selling Shareholders with respect to certain matters of New York law, and (iv) Dewitt, Ross & Stevens s.c. counsel to the Category 2 Selling Shareholders, in each case in form and substance reasonably satisfactory to counsel for the International Managers together with signed or reproduced copies of such letter for each of the other International Managers, dated such Date of Delivery, to the effect set forth in Exhibits A-1, A-2, A-3 and A-4, respectively, hereto.

(c) Opinion of Counsel for International Managers. At Closing Time, the Lead Managers shall have received the favorable opinion, dated as of Closing Time, of Fried, Frank, Harris, Shriver & Jacobson, counsel for the International Managers, together with signed or reproduced copies of such letter for each of the other International Managers with respect to the matters set forth in clauses (i), (ii) (solely as to preemptive or other similar rights arising by operation of law or under the charter or bylaws of the Company), (v) (solely as to the information contained in or incorporated by reference therein in the Prospectus with respect to the "Description of Capital Stock") and (viii) of Exhibit A-1; and to the matters set forth in paragraph 3 and the penultimate paragraph Exhibit A-2. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Lead Managers. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its Subsidiaries and of the Selling Shareholders and certificates of public officials.

(d) Officers' Certificate. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectuses, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Lead Managers shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

(e) Selling Shareholders' Certificate. At Closing Time, the Lead Managers shall have received a certificate of each Selling Shareholder (which may be executed on behalf of each Selling Shareholder by the general partner or a duly authorized executive officer of such Selling Shareholder), dated as of Closing Time, to the effect that (i) the representations and warranties of such Selling Shareholder contained in Section 1(b) hereof are true and correct with the same force and effect as though expressly made at and as of the Closing Time and (ii) such Selling Shareholder has complied with all agreements and satisfied all conditions on its part to be performed or satisfied under this Agreement at or prior to the Closing Time.

(f) Accountant's Comfort Letters. At the time of the execution of this Agreement, the Lead Managers shall have received from KPMG Peat Marwick LLP a letter in the form of Exhibit C-1 hereto and from Coopers & Lybrand LLP a letter in the

form of Exhibit C-2 hereto, dated such date, in form and substance reasonably satisfactory to the Lead Managers, together with signed or reproduced copies of such letter for each of the other International Managers containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectuses.

(g) Bring-down Comfort Letters. At Closing Time, the Lead Managers shall have received letters from KPMG Peat Marwick LLP and Coopers & Lybrand LLP, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(h) No Objection. The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) Lock-up Agreements. At the date of this Agreement, the Lead Managers shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule D hereto.

(j) Purchase of Initial U.S. Securities. Contemporaneously with the purchase by the International Managers of the Initial International Securities under this Agreement, the U.S. Underwriters shall have purchased the Initial U.S. Securities under the U.S. Purchase Agreement.

(k) Custody Agreement. At the date of this Agreement the Lead Managers shall have received copies of the Power of Attorney and Custody Agreement executed by each of the Selling Shareholders.

(l) Conditions to Purchase of International Option Securities. In the event that the International Managers exercise their option provided in Section 2(b) hereof to purchase all or any portion of the International Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any Subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Lead Managers shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) Selling Shareholder's Certificate. At the Date of Delivery, the Lead Managers shall have received a certificate of each Selling Shareholder

(which may be executed on behalf of each Selling Shareholder by the general partner or a duly authorized executive officer of such Selling Shareholder or such Selling Shareholder's Attorney-in-Fact), dated as of Date of Delivery, to the effect that (x) the representations and warranties of such Selling Shareholder contained in Section 1(b) hereof are true and correct with the same force and effect as though expressly made at and as of Date of Delivery and (y) such Selling Shareholder has complied with all agreements and satisfied all conditions on their part to be performed or satisfied under this Agreement at or prior to Date of Delivery.

(iii) Opinion of Counsel for Company and the Selling Shareholders. The favorable opinion of (w) Dewitt, Ross & Stevens s.c., counsel to the Company, relating to certain matters of Wisconsin law, (x) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Company, (y) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Category 1 Selling Shareholders and special counsel to the Category 2 Selling Shareholders with respect to certain matters of New York law, and (z) Dewitt, Ross & Stevens s.c. counsel to the Category 2 Selling Shareholders, in each case in form and substance reasonably satisfactory to counsel for the International Managers together with signed or reproduced copies of such letter for each of the other International Managers, dated such Date of Delivery, relating to the International Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b).

(iv) Opinion of Counsel for International Managers. The favorable opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel for the International Managers, dated such Date of Delivery, relating to the International Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) Bring-down Comfort Letters. Letters from Coopers & Lybrand LLP and KPMG Peat Marwick LLP in form and substance reasonably satisfactory to the Lead Managers and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Lead Managers pursuant to Section 5(g) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(m) Additional Documents. At Closing Time and at each Date of Delivery, counsel for the International Managers shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholders in connection with the issuance and sale of the Securities as herein

contemplated shall be reasonably satisfactory in form and substance to the Lead Managers and counsel for the International Managers.

(n) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of International Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several International Managers to purchase the relevant Option Securities, may be terminated by the Lead Managers by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of International Managers by the Company. The Company agrees to indemnify and hold harmless each International Manager and each person, if any, who controls any International Manager within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows to the extent set forth below:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the indemnifying party; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not (i) apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any International Manager through the Lead Managers or any U.S. Underwriter through the U.S. Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the International Prospectus or U.S. Prospectus, as the case may be, (or any amendment or supplement thereto) or (ii) inure to the benefit of any International Manager from whom the person asserting any loss, liability, claim, damage or expense, purchased Securities, or any person controlling such International Manager, if it shall be established that a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if required by law to have been so delivered, at or prior to the confirmation of the sale of such Securities to such person in any case where the Company complied with its obligations under Sections 3(a), 3(b) and 3(d), and if the Prospectus (as so amended or supplemented) would have cured any defect giving rise to such loss, liability, claim damage, or expense.

(b) Indemnification of the International Managers by the Selling Shareholders. Each Selling Shareholder, severally and not jointly, agrees to indemnify and hold harmless each International Manager and each person, if any, who controls any International Manager within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows to the extent set forth below:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the indemnifying party; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any

governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not (i) apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any International Manager through the Lead Managers or any U.S. Underwriter through the U.S. Representative expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the International Prospectus or U.S. Prospectus, as the case may be (or any amendment or supplement thereto) or (ii) inure to the benefit of any International Manager from whom the person asserting any loss, liability, claim, damage or expense, purchased Securities, or any person controlling such International Manager, if it shall be established that a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such International Manager to such person, if required by law to have been so delivered, at or prior to the confirmation of the sale of such Securities to such person in any case where the Company complied with its obligations under Sections 3(a), 3(b) and 3(d), and if the Prospectus (as so amended or supplemented) would have cured any defect giving rise to such loss, liability, claim damage, or expense; provided, however, further, that with respect to each Selling Shareholder, (x) the indemnification provision in this paragraph (b) shall only apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission, or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use in the Registration Statement (or any amendment thereto) including the Rule 430A Information and the Rule 434 Information if applicable, or any such preliminary International prospectus or the International Prospectus or the U.S. Prospectus, as the case may be, (or any amendment or supplement thereto) and (y) each Selling Shareholder's aggregate liability under this Section 6 shall be limited to an amount equal to the net proceeds (after deducting the underwriting discount but before deducting expenses) received by such Selling Shareholder from the sale of Securities pursuant to this Agreement.

(c) Indemnification of Company, Directors and Officers and Selling Shareholders. Each International Manager severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Selling Shareholder and each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a) and Section 6(b) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary International Prospectus or the International Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such International Manager through the Lead

Managers expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the International Prospectus (or any amendment or supplement thereto).

(d) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) and Section 6(b) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company or the indemnified Selling Shareholder, as appropriate. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any necessary local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances; No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel for which the indemnifying party is responsible pursuant to the terms hereof, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(iii) or Section (6)(b)(iii) effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 45 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(f) Other Agreements with Respect to Indemnification. The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to indemnification.

SECTION 7. Contribution. If, although applicable in accordance with its terms, the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders, collectively, on the one hand and the International Managers on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Shareholders on the one hand and of the International Managers on the other hand in connection with the statements or omissions, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Selling Shareholders on the one hand and the International Managers on the other hand in connection with the offering of the International Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the International Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Shareholders and the total underwriting discount received by the International Managers, in each case as set forth on the cover of the International Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet, bear to the aggregate initial public offering price of the International Securities as set forth on such cover.

The relative fault of the Company and the Selling Shareholders on the one hand and the International Managers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholders or by the International Managers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Shareholders and the International Managers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the International Managers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no International Manager shall be required to contribute any amount in excess of the amount by which the total price at which the International Securities underwritten by it and distributed to the public were offered to the public

exceeds the amount of any damages which such International Manager has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, (a) each person, if any, who controls a International Manager within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such International Manager, (b) each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company and (c) each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Selling Shareholder. The International Managers respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial International Securities set forth opposite their respective names in Schedule A hereto and not joint.

Notwithstanding the provisions of this Section 7, no Selling Shareholder shall be required to contribute any amount in excess of the amount equal to the net proceeds (after deducting the underwriting discount but before deducting expenses) received by such Selling Shareholder from the sale of International Securities pursuant to this Agreement.

The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its Subsidiaries or the Selling Shareholders submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any International Manager or controlling person, or by or on behalf of the Company or any Selling Shareholder, and shall survive delivery of the International Option Securities to the International Managers.

SECTION 9. Termination of Agreement.

(a) Termination; General. The Lead Managers may terminate this Agreement, by notice to the Company and the Attorneys-in-Fact on behalf of the Selling Shareholders, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the International Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred a downgrading in the rating assigned to any of the Company's debt securities by

any nationally recognized securities rating agency, or if such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities, or (iii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Lead Managers, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iv) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (v) if a banking moratorium has been declared by either Federal or New York authorities.

(b) Liabilities. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the International Managers. If one or more of the International Managers shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Lead Managers shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting International Managers, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Lead Managers shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of International Securities to be purchased on such date, each of the non-defaulting International Managers shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting International Managers, or

(b) if the number of Defaulted Securities exceeds 10% of the number of International Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the International Managers to purchase the International Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting International Manager.

No action taken pursuant to this Section shall relieve any defaulting International Manager from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the International Managers to purchase and the Selling Shareholders to sell the relevant International Securities, as the case may be, either (i) the Lead Managers or (ii) the Selling Shareholders shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "International Manager" includes any person substituted for a International Manager under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the International Managers shall be directed to the Lead Managers at North Tower, World Financial Center, New York, New York 10281-1201, attention of W. Gregg Smart, with a copy to Fried, Frank, Harris, Shriver & Jacobson, 1 New York Plaza, New York, New York 10004, attention of Valerie Ford Jacob, Esq.; and notices to the Company shall be directed to it at Rayovac Corporation, 601 Rayovac Drive, Madison, Wisconsin 53711, attention of James A. Broderick, Esq., with a copy to Louis A. Goodman, Esq. Skadden, Arps, Slate, Meagher & Flom, LLP, One Beacon Street, Boston, MA; notices to the Selling Shareholders shall be delivered to them at the address for notices indicated on the Power of Attorney and Custody Agreement.

SECTION 12. Parties. This Agreement shall each inure to the benefit of and be binding upon the International Managers, the Company, and the Selling Shareholders and, their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the International Managers, the Company, and the Selling Shareholders and, their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the International Managers, the Company, the Selling Shareholders, and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any International Manager shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. AS USED HEREIN, THE TERM "BUSINESS DAY" MEANS ANY DAY ON WHICH THE NEW YORK STOCK EXCHANGE AND COMMERCIAL BANKS IN NEW YORK CITY ARE REGULARLY OPEN FOR BUSINESS.

SECTION 14. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 15. Counterparts.. This Agreement may be executed in one or more counterparts and, when a counterpart has been executed by each party hereto, all such counterparts taken together shall constitute one and the same agreement. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Attorneys-in-Fact for the Selling Shareholders a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the International Managers, the Company and the Selling Shareholders in accordance with its terms.

Very truly yours,

RAYOVAC CORPORATION

By: ______________________________
Name: David A. Jones
Title: Chairman of the Board, Chief Executive Officer and President

SELLING SHAREHOLDERS LISTED IN CATEGORY 1 ON SCHEDULE B HERETO

THOMAS H. LEE EQUITY FUND III, L.P.

By: THL Equity Advisors III Limited Partnership, as General Partner

By: THL Equity Trust III, as General Partner

By: ______________________________
Name:
Title:

THOMAS H. LEE FOREIGN FUND III, L.P.

By: THL Equity Advisors III Limited Partnership, as General Partner

By: THL Equity Trust III,
as General Partner

By: ______________________________
Name:
Title:

THL-CCI LIMITED PARTNERSHIP

By: THL Investment Management Corp.
as General Partner

By: ______________________________
Name:
Title:

SELLING SHAREHOLDERS LISTED IN
CATEGORY 2 ON SCHEDULE B HERETO

By: ______________________________
Name:
Title: Attorney-in-Fact on behalf of the Selling Shareholders listed in Category 2 on Schedule B hereto

CONFIRMED AND ACCEPTED, as of the date first above written:

MERRILL LYNCH INTERNATIONAL
BEAR, STEARNS INTERNATIONAL LIMITED
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
SMITH BARNEY INC.

By: MERRILL LYNCH INTERNATIONAL

By: ______________________________
Authorized Signatory

For themselves and as Lead Managers of the
other International Managers named in Schedule A hereto.

SCHEDULE A

Name of International Manager	Number of Initial International Securities
Merrill Lynch International	
Bear, Stearns International Limited	
Donaldson, Lufkin & Jenrette Securities Corporation	
Smith Barney, Inc	
Total	1,300,000

SCHEDULE B

Selling Shareholder	Number of Initial International Securities to be Sold*
Category 1	
THOMAS H. LEE EQUITY FUND III, L.P.	
THOMAS H. LEE FOREIGN FUND III, L.P.	
THL-CCI Limited Partnership	
Total Category 1	
Category 2	
Carter J. Balfour	
Kevin Balfour	
Kenneth V. Biller	
James A. Broderick	
Fred Christopher Brooks	
Bernard T. Conner	
David M. Darkoch	
Kenneth Drescher	
Fleming Trust	
Mark G. Hines	
John E. Hofkes	
Kent J. Hussey	
David A. Jones	
Pamela A. Josheff	
Robert K. Kloppenburg	
Richard A. Kreutz	
Trygve Lonnebotn	
Terrence P. McGraw	
Rayovac Corporation Deferred Compensation	
Emil J. Ripley and Laverne M. Ripley	
Stephen P. Salzieder	
Stephen P. Shanesy	
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy	
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy	
Dale R. Tetzlaff	
Michael G. Thompson	
Merrill Tomlin	
Deborah L. Ulrich	
Lucille Warren	
Roger F. Warren	
Andrew P. Warren Irrevocable Trust	
Michael F. Warren Irrevocable Trust	
Gary E. Wilson	
Martin W. Wirt	
Karl M. Wulf	
Total Category 2	
Total of Category 1 and Category 2.........................	1,300,000
	=========

SCHEDULE B-1

Over allotment Selling Shareholder	Number of International Option Securities to be Sold*
Category 1	
THOMAS H. LEE EQUITY FUND III, L.P.	
THOMAS H. LEE FOREIGN FUND III, L.P.	
THL-CCI Limited Partnership	
Total Category 1	
Category 2	
Carter J. Balfour	
Kevin Balfour	
Kenneth V. Biller	
James A. Broderick	
Fred Christopher Brooks	
Bernard T. Conner	
David M. Darkoch	
Kenneth Drescher	
Fleming Trust	
Mark G. Hines	
John E. Hofkes	
Kent J. Hussey	
David A. Jones	
Pamela A. Josheff	
Robert K. Kloppenburg	
Richard A. Kreutz	
Trygve Lonnebotn	
Terrence P. McGraw	
Rayovac Corporation Deferred Compensation	
Emil J. Ripley and Laverne M. Ripley	
Stephen P. Salzieder	
Stephen P. Shanesy	
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy	
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy	
Dale R. Tetzlaff	
Michael G. Thompson	
Merrill Tomlin	
Deborah L. Ulrich	
Lucille Warren	
Roger F. Warren	
Andrew P. Warren Irrevocable Trust	
Michael F. Warren Irrevocable Trust	
Gary E. Wilson	
Martin W. Wirt	
Karl M. Wulf	
Total Category 2	
Total of Category 1 and Category 2.....................	195,000
	=======

SCHEDULE C

Rayovac Corporation.

1,300,000 Shares of Common Stock

(Par Value $0.01 Per Share)

1. The public offering price per share for the Securities, determined as provided in said Section 2, shall be $.

2. The purchase price per share for the International Securities to be paid by the several International Managers shall be $, being an amount equal to the public offering price set forth above less $ per share; provided that the purchase price per share for any International Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial International Securities but not payable on the International Option Securities.

SCHEDULE D

List of Persons and Entities Subject to Lock-up

THOMAS H. LEE EQUITY FUND III, L.P.
THOMAS H. LEE FOREIGN FUND III, L.P.
THL-CCI Limited Partnership

Carter J. Balfour
Kevin Balfour
Kenneth V. Biller
James A. Broderick
Fred Christopher Brooks
Bernard T. Conner
David M. Darkoch
Kenneth Drescher
Fleming Trust
Mark G. Hines
John E. Hofkes
Kent J. Hussey
David A. Jones
Pamela A. Josheff
Robert K. Kloppenburg
Richard A. Kreutz
Trygve Lonnebotn
Terrence P. McGraw
Rayovac Corporation Deferred Compensation
Emil J. Ripley and Laverne M. Ripley
Stephen P. Salzieder
Stephen P. Shanesy
Shanesy Children's Trust f/b/o Kelsey Alice Shanesy
Shanesy Children's Trust f/b/o Nicholas Auster Shanesy
Dale R. Tetzlaff
Michael G. Thompson
Merrill Tomlin
Deborah L. Ulrich
Lucille Warren
Roger F. Warren
Andrew P. Warren Irrevocable Trust
Michael F. Warren Irrevocable Trust
Gary E. Wilson
Martin W. Wirt
Karl M. Wulf

Schedule E

Subsidiaries of the Company

Direct Power Plus, Inc., a New York corporation
Minera Vidaluz S.A. DE C.V., a Mexico corporation
ROV Holding, Inc., a Delaware corporation
Vidor Battery Company, a Wisconsin corporation
Rayovac Foreign Sales Corporation, a Barbados corporation
Rovcal, Inc., a California corporation
Rayovac (UK) Limited, an United Kingdom corporation
Rayovac Europe Limited, an United Kingdom corporation
Rayovac Canada, Inc., a Canada corporation
Rayovac Far East Limited, a Hong Kong corporation
Zoephos International N.V., a Netherlands Antilles corporation
Rayovac Europe, B.V., a Netherlands Antilles corporation
Brisco Electronics, B.V., a Netherlands Antilles corporation
Brisco GmbH, a German corporation

EXHIBIT A-1

FORM OF OPINION OF DEWITT, ROSS & STEVENS S.C., WISCONSIN COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
U.S. Purchase Agreement

Merrill Lynch International
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as representatives of the several
international managers to be named
in the International Purchase Agreement
c/o Merrill Lynch & Co.
North Tower
World Financial Center
New York, New York 10210-1209

Ladies and Gentlemen:

We have acted as special counsel to Rayovac Corporation, a Wisconsin corporation (the "Company") in connection with (i) the registration and sale by the Company of 5,200,000 shares of the Company's Common Stock, par value $0.01 per share (the "U.S. Shares"), pursuant to the terms of the U.S. Purchase Agreement (the "U.S. Purchase Agreement"), dated April [ ], 1998, between the Company, the persons listed on Schedule B thereto (the "Selling Shareholders") and the U.S. Underwriters named in Schedule A thereto (the "U.S. Underwriters") and (ii) the registration and sale by the company of 1,300,000 shares of Common Stock (the "International Shares," and together with the U.S. Shares, the "Shares"), pursuant to the terms of the International Purchase Agreement (the "International Purchase Agreement"), dated April [ ], 1998, between the Company, the persons listed on Schedule B thereto (the "Selling

Shareholders") and the international managers named in Schedule A thereto (the "International Managers").

This opinion is being furnished pursuant to Section 5(b) of the U.S. Purchase Agreement and Section 5(b) of the International Purchase Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the U.S. Purchase Agreement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement on Form S-3 (File No. 333-) relating to the Shares filed with the Securities and Exchange Commission (the "Commission") on April 2, 1998, under the Securities Act of 1933, as amended (the "Act"), including the information deemed to be a part of the Registration Statement at the time of effectiveness pursuant to Rule 430A of the General Rules and Regulations under the Act (the "Rules and Regulations") (such registration statement, as so amended, being hereinafter referred to as the "Registration Statement"); (ii) the final U.S. prospectus dated [ ], 1998, relating to the U.S. Shares filed with the Commission on [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "U.S. Prospectus"); (iii) the final International Prospectus dated [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "International Prospectus" and together with the U.S. Prospectus, the "Prospectuses"); (iv) executed copies of the U.S. Purchase Agreement and the International Purchase Agreement; (v) a specimen certificate representing the Common Stock (the "Specimen Certificate"); and (vi) the certificate of James A. Broderick, General Counsel to the Company, attached hereto as Exhibit A (the "Officer's Certificate"). We have also examined originals or certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto (including the Company) had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinions expressed herein that are not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company.

For purposes of the opinions set forth below, with respect to any document which by its terms or otherwise is governed by the laws of any jurisdiction other than the United States of America or the State of Wisconsin, such opinions are based solely upon our understanding of the plain language of such document, and we express no opinion as to the interpretation of any such document or of any term or provisions thereof under applicable governing law or as to the effect

on the opinions expressed herein of any interpretation hereof inconsistent with such undertaking. For purposes of our opinion set forth in paragraph 4, we have assumed that the certificates representing the shares referred to in such paragraph conform to the Specimen Certificate. Our opinion set forth in paragraph 12, is based solely upon the Officer's Certificate and our discussions with James A. Broderick, General Counsel of the Company, we have not performed any docket search in any jurisdiction, and have not done any other investigation of any kind.

The opinions expressed herein are limited to the laws of the State of Wisconsin and the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing and to the other qualifications and limitations set forth herein, we are of the opinion that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Wisconsin.

(ii) The issuance of the Shares is not subject to the preemptive or other similar rights of any securityholder of the Company.

(iii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and to enter into and perform its obligations under the U.S. Purchase Agreement and the International Purchase Agreement.

(iv) The form of certificate used to evidence the Common Stock complies in all material respects with all applicable statutory requirements, with any applicable requirements of the charter and by-laws of the Company.

(v) The statements contained in or incorporated by reference therein, in the Prospectuses, with respect to the "Description of Capital Stock," to the extent that such statements constitute matters of law, summaries of legal matters or legal conclusions are correct in all material respects.

(vi) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectuses under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to the U.S. Purchase Agreement and the International Purchase Agreement); the shares of issued and outstanding capital stock have been and will have been at the Closing Time duly authorized and validly issued and are fully paid and non-assessable; except to the extent such shares are assessable as provided in Section 180.0622 of the Wisconsin Business Corporation Law, and none of the outstanding shares of capital stock of the Company was or will have been at the Closing Time issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) The Shares to be purchased by the U.S. Underwriters and the International Managers from the Selling Shareholders have duly authorized for issuance and sale to the Underwriters pursuant to the U.S. Purchase Agreement or the International Purchase Agreement and when delivered by the Selling Shareholder pursuant thereto, will by validly issued, and fully paid and non-assessable and no holder of the Shares is or will by subject to personal liability by reason of being such a holder, except to the extent such shares are assessable as provided in Section 180.0622 of the Wisconsin Business Corporation Law.

(ix) Vidor Battery Company, the sole subsidiary is incorporated or organized under the laws of the State of Wisconsin (a "Wisconsin Subsidiary") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Wisconsin, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(x) The information in Part II of the Registration Statement under Item 15, "Indemnification of Officers and Directors," to the extent that it constitutes matters of law, summaries of legal matters, the Company's charter and bylaws or legal proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

(xi) The U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by the Company.

(xii) To the best of our knowledge, neither the Company nor its sole Wisconsin Subsidiary is in violation of its charter or by-laws and no default by the Company or its Wisconsin Subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectuses or filed or incorporated by reference as an exhibit to the Registration Statement.

(xiii) The execution, delivery and performance of the U.S. Purchase Agreement and the International Purchase Agreement and the consummation of the transactions contemplated in the U.S. Purchase Agreement, the International Purchase Agreement and in the Registration Statement and compliance by the Company with its obligations under the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or lapse of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreements) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Wisconsin Subsidiary pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument to which the Company or its Wisconsin Subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or its Wisconsin Subsidiary is subject (except for such conflicts,

breaches or defaults or liens, charges or encumbrances that would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Wisconsin Subsidiary, or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Wisconsin Subsidiary or any of their respective properties, assets or operations.

EXHIBIT A-2

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
U.S. Purchase Agreement

Merrill Lynch International
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as representatives of the several
international managers to be named
in the International Purchase Agreement
c/o Merrill Lynch & Co.
North Tower
World Financial Center
New York, New York 10210-1209

Re: Public Offering of 6,700,000 Shares
of Common Stock of Rayovac Corporation

Ladies and Gentlemen:

We have acted as special counsel to Rayovac Corporation, a Wisconsin corporation (the "Company"), in connection with (i) the registration by the Company and sale by certain shareholders of 5,200,000 shares of the Company's Common Stock, par value $0.01 per share (the "U.S. Shares"), pursuant to the terms of the U.S. Purchase Agreement (the "U.S. Purchase Agreement"), dated April [ ], 1998, among the Company, the U.S. Underwriters named in Schedule A thereto (the "U.S. Underwriters") and the shareholders of the Company named in Schedule B thereto (the "Selling Shareholders") and (ii) the registration by the Company and sale by the Selling Shareholders of 1,300,000 shares of Common Stock (the "International Shares,"

and together with the U.S. Shares, the "Shares"), pursuant to the terms of the International Purchase Agreement (the "International Purchase Agreement"), dated April [ ], 1998, between the Company, and the international managers named in Schedule A thereto (the "International Managers") and the Selling Shareholders.

This opinion is being furnished pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the U.S. Purchase Agreement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement on Form S-3 (File No. 333-) relating to the Shares filed with the Securities and Exchange Commission (the "Commission") on April 2, 1998 under the Securities Act of 1933, as amended (the "Act"), including the information deemed to be a part of the Registration Statement at the time of effectiveness pursuant to Rule 430A of the General Rules and Regulations under the Act (the "Rules and Regulations") (such registration statement, as so amended, being hereinafter referred to as the "Registration Statement"); (ii) the final U.S. prospectus dated April [ ], 1998, relating to the U.S. Shares filed with the Commission on April [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the ""U.S. Prospectus"); (iii) the final International Prospectus dated April [ ], 1998, relating to the International Shares filed with the Commission on April [ ], 1998, pursuant to Rule 424(b) of the Rules and Regulations (the "International Prospectus" and together with the U.S. Prospectus, the "Prospectuses"); (iv) executed copies of the U.S. Purchase Agreement and the International Purchase Agreement; (v) a specimen certificate representing the Common Stock (the "Specimen Certificate"); and (vi) the certificate of James A. Broderick, General Counsel to the Company, attached hereto as Exhibit A (the "Officer's Certificate"). We have also examined originals or copies certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or Photostat copies and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto (including the Company) had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinions expressed herein that were not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company.

For purposes of the opinions set forth below, with respect to any document which by its terms or otherwise is governed by the laws of any jurisdiction other than the United States of

America or the State of New York, such opinions are based solely upon our understanding of the plain language of such document, and we express no opinion as to the interpretation of any such document or of any term or provisions thereof under applicable governing law or as to the effect on the opinions expressed herein of any interpretation hereof inconsistent with such understanding. For purposes of our opinion set forth in paragraph 4, we have assumed that the certificates representing the shares referred to in such paragraph conform to the Specimen Certificate. Our opinion set forth in paragraph 5, is based solely upon the Officer's Certificate and our discussions with James A. Broderick, General Counsel of the Company; we have not performed any docket search in any jurisdiction, and have not done any other investigation of any kind.

The opinions expressed herein are limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States of America to the extent specifically referred to herein.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law of the state of Delaware and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transactions of the type contemplated by the U.S. Purchase Agreement, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A to the Officer's Certificate; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

Based upon and subject to the foregoing and to the other qualifications and limitations set forth herein, we are of the opinion that:

1. All of the issued and outstanding capital stock of ROV Holding, Inc. has been duly authorized and validly issued and is fully paid and nonassessable. None of the outstanding shares of capital stock of ROV Holding, Inc. was issued in violation of the preemptive rights of any security holder of ROV Holding, Inc. arising under the Certificate of Incorporation or By-laws of ROV Holding Inc. or any other similar rights arising under any Applicable Contract.

2. To our knowledge, based solely on our examination of the stock record book of ROV Holding, Inc., the issued and outstanding capital stock of ROV Holding, Inc. is owned of record by the Company, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity arising under any Applicable contract, except for the pledge of the capital stock of ROV Holding, Inc. by the Company pursuant to a Company Pledge Agreement dated as of September 12, 1996 between the Company and Bank of America National Trust and Savings Association in its capacity as administrative agent fore the lenders referred to therein.

3. The Registration Statement, as of its effective date, and the Prospectuses, as of their date, appeared on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the Rules and Regulations, except that, in each case, we express no opinion as to the financial statements, schedules and other financial data included therein or excluded therefrom or the exhibits to the Registration Statement, and we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement except to the extent indicated in paragraph 6 below.

4. The Specimen Certificate complies in all material respects with any requirements of the New York Stock Exchange applicable to companies whose securities are listed thereon.

5. To our knowledge, except as set forth in the Registration Statement or the Prospectuses, there are no legal, regulatory or governmental proceedings pending in any New York State or federal court to which the Company or any subsidiary of the Company listed on Exhibit 21 to the Registration Statement (each, a "Subsidiary") is a party, or to which the property of the Company or any Subsidiary is subject, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement or the performance by the Company of its obligations thereunder.

6. The statements in the Prospectuses(or incorporated by reference therein) under the captions "Description of Certain Indebtedness," "Shares Eligible for Future Sale," "Underwriting" and "Certain Federal Income Tax Considerations," to the extent that such statements constitute matters of law, summaries of legal matters or legal conclusions, are correct in all material respects.

7. No Governmental Approval is required under Applicable Laws in connection with the consummation by the Company of the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement except that we do not express any opinion as to any consent or authorization which may have become applicable to the Company as a result of the involvement of the U.S. Underwriters or of the International Managers in the transactions contemplated by the U.S. Purchase Agreement or the International Purchase Agreement, because of their legal or regulatory status or because of any other facts specifically pertaining to them.

8. Neither the execution and delivery of the U.S. Purchase Agreement or the International Purchase Agreement nor the consummation of the transactions contemplated therein will contravene any Applicable Laws.

9. To our knowledge, based solely upon a review of the Applicable Contracts, there are no Applicable Contracts of a character required to be filed as exhibits to the Registration Statement which are not filed as required.

10. The execution, delivery and performance of the U.S. Purchase Agreement and the International Purchase Agreement and the consummation of the transactions contemplated thereby and the use of the proceeds from the sale of the Shares as described in the Prospectuses under the caption "Use of Proceeds" do not and will not, either by itself or the giving of notice or the lapse of time or both, conflict with or constitute a breach of or a default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreements) under any Applicable Contract, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to any Applicable Contract to which the Company or any Subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject, or any Applicable Law or Governmental Approval having jurisdiction over the Company or any Subsidiary or any of their respective properties, assets or operations except in any such case for any such conflicts, breaches or defaults which would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary

11. Except as disclosed in the Registration Statement, to our knowledge, there are no persons with registration rights or other similar rights under any Applicable Contract to have any shares of Common Stock registered pursuant to the Registration Statement or otherwise registered by the Company pursuant to the 1933 Act.

12. The Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended.

We have been orally advised by the Commission that the Registration Statement was declared effective under the Act at [ ], Washington, D.C. time, April [ ], 1998; the required filing of the Prospectuses pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

In addition, we have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and you and your counsel, at which the contents of the Registration Statement, the Prospectuses and related matters were discussed and, although we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses and have made no independent check or verification thereof, on the basis of the foregoing, no facts have come to our attention that have led us to believe that the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectuses, as of their dates and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that we express no opinion or belief with respect to the financial statements, schedules and other financial data included therein or excluded therefrom or the exhibits to the Registration Statement.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

EXHIBIT A-3

FORM OF OPINION OF COUNSEL OF SELLING SHAREHOLDERS
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co., Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

MERRILL LYNCH INTERNATIONAL
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as Lead Managers for the several International
Managers
c/o Merrill Lynch International
25 Ropemaker Place
London EC2Y 9LY
England

Re: Selling Shareholder Opinion pursuant
to Section 5(b) of the Purchase Agreement

Ladies and Gentlemen:

We have acted as special counsel to Thomas H. Lee Equity Fund III, L.P., THL-CCI Limited Partnership, Thomas H. Lee Foreign Fund III, L.P., and the shareholders listed on Schedule B (each a Selling Shareholder") in connection with the execution and delivery by the Selling Shareholders of (i) the U.S. Purchase Agreement dated as of April ___, 1998 (the "U.S. Purchase Agreement") among Rayovac Corporation, a Wisconsin corporation (the "Company"), the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns & Co., Inc., and Smith Barney Inc. as representatives (the "U.S. Representatives") of the U.S. Underwriters listed in Schedule A thereto

and (ii) the International Purchase Agreement dated as of April ___, 1998 (the "International Purchase Agreement") among the Company, the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns International Limited, and Smith Barney Inc. as lead managers (the "Lead Managers") on behalf of the International Managers listed in Schedule A thereto, and the sale by the Selling Shareholders to the U.S. Underwriters (as defined in the U.S. Purchase Agreement) and the International Managers (as defined in the International Purchase Agreement) of an aggregate of 6,500,000 shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), acting severally and not jointly, to (i) the U.S. Underwriters, acting severally and not jointly, to purchase 5,200,000 shares of Common Stock (the "U.S. Securities") and (ii) the International Managers, acting severally and not jointly, to purchase 1,300,000 additional shares of Common Stock (the "International Securities," and together with the U.S. Securities, the "Securities"). This opinion is delivered to you pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the U.S. Purchase Agreement.

In connection with this opinion, we have examined or are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the U.S. Purchase Agreement; (ii) the International Purchase Agreement; (iii) the Power of Attorney and Custody Agreement dated as of April ___, 1998 among each Selling Shareholder and ________________________, each acting as Attorney-in-Fact (each, an "Attorney-in-Fact" and together, the "Attorneys-in-Fact"), and [Firstar Trust Bank], as Custodian (the "Custodian") (the "Custody Agreement" and together with the U.S. Purchase Agreement and the International Purchase Agreement, the "Transaction Documents"), (iv) the Limited Partnership Agreement of Thomas H. Lee Foreign Fund III, L.P. (the "Foreign Fund"), dated as of February 6, 1996, by and among THL Equity Advisors III Limited Partnership, a Massachusetts limited partnership ("Advisors"), and the limited partners listed on Exhibit A thereto; (v) the Second Amended and Restated Limited Partnership Agreement of Thomas H. Lee Equity Fund III, L.P. (the "Equity Fund" and together with the Foreign Fund, the "Funds"), dated as of December 22, 1995, by and among Advisors and the limited partners listed on Exhibit A thereto; (vi) the Thirteenth Amended and Restated Agreement of Limited Partnership of THL-CCI Limited Partnership ("CCI", and together with the Funds, the "Partnerships"), dated as of January 17, 1997, by and among THL Investment Management Corp. and the persons and entities admitted as limited partners; (vii) the Certificate of Limited Partnership of the Foreign Fund, dated as of January 23, 1996; (viii) the Certificate of Limited Partnership of the Equity Fund, dated as of February 14, 1995; (ix) the Certificate of Limited Partnership of CCI, dated as of July 10, 1992, as amended November 30, 1993 and March 13, 1996; (x) the First Amended and Restated Agreement of Limited Partnership of Advisors, dated as of August 15, 1995 by and among THL Equity Trust III, a Massachusetts business trust ("Equity Trust"), and the limited partners signatories thereto; (xi) the Certificate of Limited Partnership of Advisors, dated as of February 16, 1995; (xii) the Declaration of Trust of Equity Trust, made as of February 14, 1995, by and between Thomas H. Lee, as grantor, and the trustees signatories thereto; (xiii) the Consent of Trustees of Equity Trust, dated as of January 17, 1997; (xiv) the Articles of Organization and By-laws of THL Investment Management Corp., each as in effect as of the date hereof; (xv) the Consent of Sole Director of THL Investment

Management Corp., dated as of January 17, 1997; (xvi) the Certificate of Advisors, as general partner of the Equity Fund, dated as of January 17, 1997; (xvii) the Certificate of Advisors, as general partner of the Foreign Fund, dated as of November 26, 1997; (xviii) the Certificate of Equity Trust, as general partner of Advisors, dated as of November 26, 1997; (xix) the Certificate of THL Investment Management Corp., as general partner of CCI, dated as of November 26, 1997; (xx) the Officer's Certificate of THL Investment Management Corp., dated as of November 26, 1997; (xxi) the Certificate of Equity Trust, dated as of November 26, 1997 and (xxii) certificates representing the Securities. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of each of the Partnerships and others and such agreements, certificates of public officials, certificates of officers or other representatives of each of the Partnerships and others and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions set forth herein which we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of each of the Partnerships and others.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law and Revised Uniform Limited Partnership Act of the State of Delaware, the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transaction of the type contemplated by the Transaction Documents, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A hereto; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or Delaware, Massachusetts or New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

The opinions expressed herein are limited to (i) the General Corporation Law and the Revised Uniform Limited Partnership Act of the State of Delaware; (ii) the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts; (iii) the laws of the State of New York; and (iv) the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing, and to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. No Governmental Approval is required under Applicable Laws in connection with the offer, sale or delivery of the Securities by the Selling Shareholders under the U.S. Purchase Agreement and the International Purchase Agreement or the performance by each of the Selling Shareholders of its obligations under any of the Transaction Documents; provided, that we express no opinion as to any Governmental Approval which may be required under state securities laws or that may have become applicable to any Selling Shareholder as a result of your involvement in the U.S. Purchase Agreement or the International Purchase Agreement because of your legal or regulatory status or because of any other facts specifically pertaining to you.

2. Each of the Custody Agreements, the U.S. Purchase Agreement and the International Purchase Agreement has been duly executed and delivered by each Selling Shareholder. The Custody Agreement to which each Selling Shareholder is a party constitutes the valid and binding agreement of such Selling Shareholder enforceable against such Selling Shareholder in accordance with its terms, except that enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws nor or hereinafter in effect relating to or affecting creditors' rights generally and by general principals of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

3. The Attorney-in-Fact has been duly authorized by each Selling Shareholder to deliver and sell the U.S. Securities and the International Securities on behalf of each Selling Shareholder in accordance with the terms of each of the U.S. Purchase Agreement and the International Purchase Agreement.

4. The execution, delivery and performance of each of the Transaction Documents and the sale and delivery of the U.S. Securities and the International Securities and the consummation of the transactions contemplated in each of the U.S. Purchase Agreement and the International Purchase Agreement and compliance by each Selling Shareholder with its obligations under each of the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized by all necessary partnership action on the part of each Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under any Applicable Law or Governmental Approval of any Governmental Entity having jurisdiction over any Selling Shareholder or any of their properties, or under any indenture, mortgage, deed of trust, loan, credit agreement, note or other debt instrument to which any Selling Shareholder is a party or pursuant to which any of them is bound or any of their assets is subject and pursuant to which any Selling Shareholder has incurred indebtedness (except for such conflicts, breaches or defaults or liens, charges or encumbrances which would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of any Selling Shareholder, whether or not arising in the ordinary course of business) nor will such action result in any violation of the provisions of the partnership agreements of any of the Selling Shareholders.

5. To our knowledge, each Selling Shareholder has the power and authority, as a limited partnership, to sell, transfer and deliver the U.S. Securities and the International Securities pursuant to each of the U.S. Purchase Agreement and the International Purchase Agreement. Assuming that neither any U.S. Representatives nor any U.S. Underwriter has notice

of adverse claims with respect to the certificates identified on Schedule B as representing the U.S. Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the U.S. Representatives in the State of New York of such certificates indorsed to the U.S. Representatives or indorsed in blank, the U.S. Representatives will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York. Assuming that neither any Lead Manager nor any International Manager has notice of adverse claims with respect to the certificates identified on Schedule B as representing the International Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the Lead Managers in the State of New York of such certificates indorsed to the Lead Managers or indorsed in blank, the Lead Managers will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

EXHIBIT A-4

FORM OF OPINION OF COUNSEL OF CATEGORY 2 SELLING SHAREHOLDERS
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co., Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

MERRILL LYNCH INTERNATIONAL
Bear, Stearns International Limited
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as Lead Managers for the several International
Managers
c/o Merrill Lynch International
25 Ropemaker Place
London EC2Y 9LY
England

Re: Selling Shareholder Opinion pursuant
to Section 5(b) of the Purchase Agreement

Ladies and Gentlemen:

We have acted as special counsel to __________________________ (the "Selling Shareholder") in connection with the execution and delivery by the Selling Shareholders of (i) the U.S. Purchase Agreement dated as of April ___, 1998 (the "U.S. Purchase Agreement") among Rayovac Corporation, a Wisconsin corporation (the "Company"), the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns & Co., Inc., and Smith Barney Inc. as representatives (the "U.S. Representatives") of the U.S. Underwriters listed in Schedule A thereto and (ii) the International Purchase Agreement dated as of April ___, 1998 (the "International Purchase Agreement") among the Company, the Selling Shareholders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Bear Stearns

International Limited, and Smith Barney Inc. as lead managers (the "Lead Managers") on behalf of the International Managers listed in Schedule A thereto, and the sale by the Selling Shareholders to the U.S. Underwriters (as defined in the U.S. Purchase Agreement) and the International Managers (as defined in the International Purchase Agreement) of an aggregate of 6,500,000 shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), acting severally and not jointly, to (i) the U.S. Underwriters, acting severally and not jointly, to purchase 5,200,000 shares of Common Stock (the "U.S. Securities") and (ii) the International Managers, acting severally and not jointly, to purchase 1,300,000 additional shares of Common Stock (the "International Securities," and together with the U.S. Securities, the "Securities"). This opinion is delivered to you pursuant to Section 5(b) of each of the U.S. Purchase Agreement and the International Purchase Agreement. Capitalized terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the U.S. Purchase Agreement.

In connection with this opinion, we have examined or are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the U.S. Purchase Agreement; (ii) the International Purchase Agreement; (iii) the Power of Attorney and Custody Agreement dated as of April ___, 1998 among each Selling Shareholder and _______________________, each acting as Attorney-in-Fact (each, an "Attorney-in-Fact" and together, the "Attorneys-in-Fact"), and [Firstar Trust Bank], as Custodian (the "Custodian") (the "Custody Agreement" and together with the U.S. Purchase Agreement and the International Purchase Agreement, the "Transaction Documents"), and (iv) certificates representing the Securities. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such agreements, certificates of public officials, certificates of officers or other representatives of the Selling Shareholders and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions set forth herein which we did not independently establish or verify, we have relied upon statements and representations of the Selling Shareholder.

As used herein, (i) the term "Applicable Laws" means the General Corporation Law and Revised Uniform Limited Partnership Act of the State of Delaware, the Business Corporation Law and the Uniform Limited Partnership Act of the Commonwealth of Massachusetts and those laws, rules and regulations of the State of New York and of the United States of America that, in our experience, are normally applicable to transaction of the type contemplated by the Transaction Documents, but without our having made any special investigation concerning the applicability of any other law, rule or regulation; provided, that such term does not include any federal or state securities or other antifraud laws or the rules and regulations of the National Association of Securities Dealers, Inc.; (ii) the term "Applicable Contracts" means those contracts and agreements listed on Annex A hereto; and (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any United States Federal or Delaware, Massachusetts or

New York executive, legislative, judicial, administrative or regulatory body (a "Governmental Entity"), pursuant to Applicable Laws.

The opinions expressed herein are limited to (i) the General Corporation Law of the State of Delaware; (ii) the Business Corporation Law of the Commonwealth of Massachusetts; (iii) the laws of the State of New York; and (iv) the federal laws of the United States of America to the extent specifically referred to herein.

Based upon and subject to the foregoing, and to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. No Governmental Approval is required under Applicable Laws in connection with the offer, sale or delivery of the Securities by the Selling Shareholder under the U.S. Purchase Agreement and the International Purchase Agreement or the performance by such Selling Shareholders of its obligations under any of the Transaction Documents; provided, that we express no opinion as to any Governmental Approval which may be required under state securities laws or that may have become applicable to the Selling Shareholder as a result of your involvement in the U.S. Purchase Agreement or the International Purchase Agreement because of your legal or regulatory status or because of any other facts specifically pertaining to you.

2. Each of the Custody Agreements, the U.S. Purchase Agreement and the International Purchase Agreement has been duly executed and delivered by the Selling Shareholder. The Custody Agreement to which such Selling Shareholder is a party constitutes the valid and binding agreement of such Selling Shareholder enforceable against such Selling Shareholder in accordance with its terms, except that enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws nor or hereinafter in effect relating to or affecting creditors' rights generally and by general principals of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

3. The Attorney-in-Fact has been duly authorized by such Selling Shareholder to deliver and sell the U.S. Securities and the International Securities on behalf of such Selling Shareholder in accordance with the terms of each of the U.S. Purchase Agreement and the International Purchase Agreement.

4. The execution, delivery and performance of each of the Transaction Documents and the sale and delivery of the U.S. Securities and the International Securities and the consummation of the transactions contemplated in each of the U.S. Purchase Agreement and the International Purchase Agreement and compliance by such Selling Shareholder with its obligations under each of the U.S. Purchase Agreement and the International Purchase Agreement have been duly authorized on the part of such Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under any Applicable Law or Governmental Approval of any Governmental Entity having jurisdiction over such Selling Shareholder or any of its properties or any material contract known to us to which the Seller is a party or to which any of its properties are subject.

5. To our knowledge, such Selling Shareholder has the power and authority to sell, transfer and deliver the U.S. Securities and the International Securities pursuant to each of the U.S. Purchase Agreement and the International Purchase Agreement. Assuming that neither any U.S. Representatives nor any U.S. Underwriter has notice of adverse claims with respect to the certificates identified on Schedule B as representing the U.S. Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the U.S. Representatives in the State of New York of such certificates indorsed to the U.S. Representatives or indorsed in blank, the U.S. Representatives will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York. Assuming that neither any Lead Manager nor any International Manager has notice of adverse claims with respect to the certificates identified on Schedule B as representing the International Securities, then upon physical delivery to Merrill Lynch & Co. as designee of the Lead Managers in the State of New York of such certificates indorsed to the Lead Managers or indorsed in blank, the Lead Managers will acquire such certificates (and the shares of Common Stock represented thereby) free of any adverse claims within the meaning of the Uniform Commercial Code in effect in the State of New York.

This opinion is furnished to you solely for your benefit in connection with the closings under the U.S. Purchase Agreement and the International Purchase Agreement occurring today and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our prior express written permission.

Very truly yours,

EXHIBIT B

__________________, 1998

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Smith Barney Inc.
as U.S. Representatives of the several
U.S. Underwriters to be named in the
within-mentioned U.S. Purchase Agreement
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Re: Proposed Public Offering by Rayovac Corporation

Dear Sirs:

The undersigned, a stockholder of Rayovac Corporation, a Wisconsin Corporation (the "Company") understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Smith Barney Inc. propose to enter into a U.S. Purchase Agreement (the "U.S. Purchase Agreement") with the Company providing for the public offering of shares (the "Securities") of the Company's common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the U.S. Purchase Agreement that, during a period of 90 days from the date of the U.S. Purchase Agreement, the undersigned will not, without the prior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the

economic consequence of ownership of the Common Stock, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, the undersigned may transfer any or all of its shares of Company Common Stock (i) by gift, will or intestacy, (ii) to its affiliates, as such term is defined in Rule 405 promulgated under the Securities Act of 1933, as amended, or (iii) in the event the undersigned is an individual, to his or her immediate family or to a trust the beneficiaries of which are exclusively the undersigned and/or a member or members of his or her immediate family; provided, however, that in any such case it shall be a condition to any such transfer that the transferee execute an agreement stating that the transferee is receiving and holding the shares subject to the provisions of this letter agreement and there shall be no further transfer of such shares except in accordance with the provisions of this letter agreement.

Very truly yours,

Signature: ___________________________

Print Name: __________________________

EXHIBIT C-1

FORM OF COMFORT LETTER OF
KPMG PEAT MARWICK LLP PURSUANT TO SECTION 5(f)

attached hereto

EXHIBIT C-2

FORM OF COMFORT LETTER OF
COOPERS & LYBRAND LLP PURSUANT TO SECTION 5(f)

Attached hereto

Consent of KPMG Peat Marwick LLP

The Board of Directors
Rayovac Corporation:

We consent to the use of our reports included or incorporated by reference herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG Peat Marwick LLP

Milwaukee, Wisconsin
May 12, 1998

Exhibit 23.3

[Letterhead of Coopers & Lybrand L.L.P.]

Consent of Independent Auditors

We consent to the incorporation in Amendment No. 1 to this registration statement on Form S-3 (File No. 333-49281) of our report dated November 22, 1996, except for Notes 2n and 2r as to which the date is April 1, 1998, on our audits of the consolidated financial statements of Rayovac Corporation as of June 30, 1996 and September 30, 1996 and for each of the two years in the period ended June 30, 1996 and the period July 1, 1996 to September 30, 1996. We also consent to the references to our firm under the captions "Experts".

/s/ Coopers & Lybrand L.L.P.

Milwaukee, Wisconsin
May 11, 1998