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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 28, 2003

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-13615

Rayovac Corporation

(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	**22-2423556** (I.R.S. Employer Identification Number)
601 Rayovac Drive, Madison, Wisconsin (Address of principal executive offices)	**53711** (Zip Code)

(608) 275-3340
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No o

The number of shares outstanding of the Registrant's common stock, $.01 par value, as of February 6, 2004, was 34,077,032.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RAYOVAC CORPORATION
Condensed Consolidated Balance Sheets
December 28, 2003 and September 30, 2003
(Unaudited)
(In thousands)

	December 28, 2003	September 30, 2003
-ASSETS-		
Current assets:		
Cash and cash equivalents	$ 25,637	$ 107,774
Receivables, less allowances of $36,363 and $22,911, respectively	356,464	270,581
Inventories	178,895	219,254

Prepaid expenses and other	74,296	77,717
Total current assets	635,292	675,326
Property, plant and equipment, net	148,727	150,609
Goodwill	406,940	398,380
Intangible assets, net	263,830	252,870
Deferred charges and other	66,858	71,196
Debt issuance costs	26,280	28,111
Total assets	$ 1,547,927	$ 1,576,492
- -LIABILITIES AND SHAREHOLDERS' EQUITY-		
Current liabilities:		
Current maturities of long-term debt	$ 15,184	$ 72,852
Accounts payable	166,997	172,632
Accrued liabilities	210,181	160,041
Total current liabilities	392,362	405,525
Long-term debt, net of current maturities	814,093	870,540
Employee benefit obligations, net of current portion	64,545	63,044
Other	38,667	35,381
Total liabilities	1,309,667	1,374,490
Shareholders' equity:		
Common stock, $.01 par value, authorized 150,000 shares; issued 62,484 and 61,999 shares, respectively; outstanding 32,948 and 32,463 shares, respectively	625	620
Additional paid-in capital	192,374	185,561
Retained earnings	186,902	164,703
Accumulated other comprehensive loss	(955)	(12,457)
Notes receivable from officers/shareholders	(3,605)	(3,605)
	375,341	334,822
Less treasury stock, at cost, 29,536 shares	(130,070)	(130,070)
Less unearned restricted stock compensation	(7,011)	(2,750)
Total shareholders' equity	238,260	202,002
Total liabilities and shareholders' equity	$ 1,547,927	$ 1,576,492

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

RAYOVAC CORPORATION
Condensed Consolidated Statements of Operations
For the three month periods ended December 28, 2003 and December 29, 2002
(Unaudited)
(In thousands, except per share amounts)

	THREE MONTHS	
	2004	2003
Net sales	$ 454,010	$ 260,222
Cost of goods sold	260,980	156,963
Restructuring and related charges	—	9,705
Gross profit	193,030	93,554
Selling	101,443	51,609
General and administrative	36,513	21,821
Research and development	4,302	3,896
Restructuring and related charges	1,100	5,685

Total operating expenses	143,358	83,011
Operating income	49,672	10,543
Interest expense	17,351	10,102
Non-operating expense	—	3,072
Other income, net	(1,262)	(1,687)
Income (loss) from continuing operations before income taxes	33,583	(944)
Income tax expense (benefit)	12,761	(359)
Income (loss) from continuing operations	20,822	(585)
Income from discontinued operations, net of tax of $530	1,377	—
Net income (loss)	$ 22,199	$ (585)
Basic earnings per share:		
Weighted average shares of common stock outstanding	32,168	31,801
Income (loss) from continuing operations	$ 0.65	$ (0.02)
Income from discontinued operations	0.04	—
Net income (loss)	$ 0.69	$ (0.02)
Diluted earnings per share:		
Weighted average shares and equivalents outstanding	33,260	31,801
Income (loss) from continuing operations	$ 0.63	$ (0.02)
Income from discontinued operations	0.04	—
Net income (loss)	$ 0.67	$ (0.02)

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

RAYOVAC CORPORATION
Condensed Consolidated Statements of Cash Flows
For the three month periods ended December 28, 2003 and December 29, 2002
(Unaudited)
(In thousands)

	THREE MONTHS	
	2004	2003
Cash flows from operating activities:		
Net income (loss)	$ 22,199	$ (585)
Non-cash adjustments to net income:		
Discontinued operations	(1,377)	—
Depreciation	8,313	8,286
Amortization	216	63
Amortization of debt issuance costs	1,005	460
Other non-cash adjustments	(350)	3,791
Net changes in assets and liabilities, net of acquisitions and discontinued operations	17,320	12,211
Net cash provided by continuing operating activities	47,326	24,226
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,955)	(3,052)
Proceeds from sale of property, plant and equipment	—	113
Payment for acquisitions, net of cash acquired	(2,577)	(245,130)
Net cash used by investing activities	(5,532)	(248,069)

Cash flows from financing activities:		
Reduction of debt	(147,158)	(257,803)
Proceeds from debt financing	76,500	506,771
Extinguishment of debt	(57,012)	—
Debt issuance costs	—	(12,635)
Other	1,913	(606)
Net cash (used) provided by financing activities	(125,757)	235,727
Net cash provided by discontinued operations	924	—
Effect of exchange rate changes on cash and cash equivalents	902	1,154
Net (decrease) increase in cash and cash equivalents	(82,137)	13,038
Cash and cash equivalents, beginning of period	107,774	9,881
Cash and cash equivalents, end of period	$ 25,637	$ 22,919

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

RAYOVAC CORPORATION

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 (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at December 28, 2003, and the results of operations and cash flows for the three month periods ended December 28, 2003 and December 29, 2002. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto as of September 30, 2003. Certain prior year amounts have been reclassified to conform with the current presentation.

Significant Accounting Policies and Practices: The consolidated financial statements include the financial statements of Rayovac Corporation and its subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions have been eliminated. The Company's fiscal year ends September 30. References herein to 2003 and 2004 refer to the fiscal years ended September 30, 2003 and 2004.

The Company's Condensed Consolidated Balance Sheet as of September 30, 2003 gives effect to the acquisition of Remington Product Company, L.L.C., "Remington", which occurred on September 30, 2003. The Company's Condensed Consolidated Statement of Operations for the three months ended December 29, 2002, includes only the results attributable to Rayovac and its subsidiaries prior to the Remington acquisition. Consequently, all Condensed Consolidated Statement of Operations footnote disclosures exclude the results of Remington for the three months ended December 29, 2002. See footnote 10, Acquisitions, for additional information on the Remington acquisition.

Discontinued Operations: The Company has reflected Remington's United States and United Kingdom Service Centers as discontinued operations. The Company will discontinue operations at these Service Centers during 2004 as part of our Remington integration initiatives. See footnote 8, Restructuring and Related Charges, and footnote 11, Subsequent Events, for additional discussion of Remington integration initiatives. The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the three months ended December 28, 2003:

Net sales	$ 13,647
Income from discontinued operations before income taxes	1,907
Provision for income taxes	530
Income from discontinued operations, net of tax	$ 1,377
Depreciation expense associated with discontinued operations	$ 133

Revenue Recognition: The Company recognizes revenue from product sales upon shipment to the customer which is the point at which all risks and rewards of ownership of the product are passed, provided that: there are no uncertainties regarding customer acceptance; persuasive evidence of an

arrangement exists; the price to the buyer is fixed or determinable; and collectibility is deemed reasonably assured. The Company is generally not obligated to allow for, and the Company's general policy is not to accept, product returns. The Company does recognize a reserve for potential returns, when appropriate, based on past experience and our latest contractual arrangements with certain customers.

The Company enters into various promotional arrangements, primarily with retail customers, including arrangements entitling such retailers to cash rebates from the Company based on the level of their purchases, which require the Company to estimate and accrue the estimated costs of the promotional programs. These costs are generally treated as a reduction of net sales.

The Company also enters into promotional arrangements targeted to the ultimate consumer. Such arrangements are treated as either a reduction of net sales or an increase of cost of sales, based on the type of promotional program. The income statement characterization of the Company's promotional arrangements complies with EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*.

For all types of promotional arrangements and programs, the Company monitors its commitments and uses statistical measures and past experience to determine amounts to be recorded for the estimate of the earned, but unpaid, promotional costs. The terms of the Company's customer-related promotional arrangements and programs are individualized to each customer and are generally documented through written contracts, correspondence or other communications with the individual customers.

The Company also enters into various contractual arrangements, primarily with retail customers, which require the Company to make upfront cash, or "slotting" payments, to secure the right to distribute through such customer. The Company capitalizes slotting payments, provided the payments are supported by a time or volume based contractual arrangement with the retailer, and will amortize the associated payment over the appropriate time or volume based term of the contractual arrangement. The amortization of the slotting payment is treated as a reduction in net sales and the corresponding asset is included in Deferred charges and other in the Condensed Consolidated Balance Sheets.

Shipping and Handling Costs: The Company incurred shipping and handling costs of $18,288 and $12,996 for the three months ended December 28, 2003 and December 29, 2002, respectively, which are included in selling expense. Shipping and handling costs include costs incurred with third-party carriers to transport products to customers and salaries and overhead costs related to activities to prepare the Company's products for shipment at the Company's distribution facilities.

Concentrations of Credit Risk: Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and will make adjustments to credit policies as required. The Company has historically incurred minimal credit losses, but in 2002 experienced a significant loss resulting from the bankruptcy filing of a large retailer in the United States.

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of our sales volume. This major customer also represented approximately 19% and 13%, respectively, of our receivables as of December 28, 2003 and September 30, 2003.

Following the acquisition of Remington, approximately 49% of the Company's sales occur outside of North America. These sales and related receivables are subject to varying degrees of credit, currency, and political and economic risk. The Company monitors these risks and makes appropriate provisions for collectibility based on an assessment of the risks present.

Stock Based Compensation: The Company has stock option and other stock-based compensation plans, which are fully described in the Company's financial statements and notes thereto as of September 30, 2003. The Company accounts for its stock-based compensation plans using the intrinsic value method, under the principles prescribed by the Accounting Principles Board's Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. For stock options granted, no employee compensation cost is reflected in the Company's results of operations, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock at the grant date. Results of operations include compensation cost related to grants of restricted stock of $912 and $833 for the three months ended December 28, 2003 and December 29, 2002, respectively.

The Company has adopted the disclosure-only provisions of FASB Statement No. 123, ("Statement No. 123") *Accounting for Stock Based Compensation*, as amended by FASB Statement No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure.* Accordingly, no compensation cost has been recognized in the results of operations for the stock option plans. Had compensation cost for stock options granted been determined based on the fair value at the grant date for awards consistent with an alternative method prescribed by Statement No. 123, the Company's net income (loss) and earnings per share would have reflected the pro forma amounts indicated below:

	Three Months	
	2004	**2003**
Net income (loss), as reported	$ 22,199	$ (585)
Add: Stock-based compensation expense included in reported net income, net of tax	556	508
Deduct: Total stock-based compensation expense determined under fair value based method for all awards, net of tax	(1,515)	(1,855)
Pro forma net income (loss)	$ 21,240	$ (1,932)
Basic earnings per share:		
Net income (loss), as reported	$ 0.69	$ (0.02)
Net income (loss), Pro forma	$ 0.66	$ (0.06)
Diluted earnings per share:		

Net income (loss), as reported	$ 0.67	$ (0.02)
Net income (loss), Pro forma	$ 0.64	$ (0.06)

The effect of restricted stock and unexercised stock options of approximately 712 shares outstanding for the three-month period ended December 29, 2002 were excluded from the diluted EPS calculation, as their effect was anti-dilutive.

Derivative Financial Instruments: The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the fair value recorded in Other Comprehensive Income ("OCI") and as a hedge asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or accounts receivable and recognized in earnings as an adjustment to interest expense from the underlying debt to which the swap is designated. During the three month periods ended December 28, 2003 and December 29, 2002, respectively, $1,220 and $1,078 of pretax derivative losses from such hedges were recorded as an adjustment to interest expense. At December 28, 2003, the Company had a portfolio of interest rate swaps outstanding which effectively fixes the interest rates on floating rate debt at rates as follows: 4.458% for a notional principal amount of $70,000 through July 2004, 3.974% for a notional principal amount of $70,000 from July 2004 through October 2005, 3.769% for a notional principal amount of $100,000 through August 2004 and 3.799% for a notional principal amount of $100,000 from August 2004 through November 2005. The derivative net loss on these contracts recorded in OCI at December 28, 2003 and December 29, 2002, respectively, was an after-tax loss of $3,615 and $4,814.

The Company enters into forward and swap foreign exchange contracts, to hedge the risk from forecasted settlement in local currencies of inter-company purchases and sales, trade sales, and trade purchases. These contracts generally require the Company to exchange foreign currencies for U.S. dollars, Euros or Pounds Sterling. These contracts are designated as cash flow hedges with the fair value recorded in OCI and as a hedge asset or liability, as applicable. Once the forecasted transaction has been recognized as a purchase or sale and a related liability or asset recorded in the balance sheet, the gain or loss on the related derivative hedge contract is reclassified from OCI into earnings as an offset to the change in value of the liability or asset. During the three month periods ended December 28, 2003 and December 29, 2002, respectively, $0 and $11 of pretax derivative losses were recorded as an adjustment to earnings for forward and swap contracts settled at maturity. At December 28, 2003 and December 29, 2002, respectively, the Company had no such foreign exchange derivative contracts outstanding.

The Company periodically enters into forward and swap foreign exchange contracts, to hedge the risk from inter-company loans. These obligations generally require the Company to exchange foreign currencies for U.S. dollars, Euros, Pounds Sterling or Canadian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the balance sheet. The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the change in value of the related liability or asset. During the three month period ended December 28, 2003, $94 of pretax derivative gains from such hedges were recorded as an adjustment to earnings. At December 28, 2003, the Company had such forward and swap contracts outstanding with a contract value of $7,023. No such forward and swap foreign exchange contracts were outstanding at December 29, 2002.

The Company periodically enters into forward foreign exchange contracts, to hedge the risk from changes in fair value from unrecognized firm purchase commitments. These firm purchase commitments generally require the Company to exchange U.S. dollars for foreign currencies. These

hedge contracts are designated as fair value hedges with the fair value recorded in earnings on a pretax basis and as a hedge asset or liability, as applicable. To the extent effective, changes in the value of the forward contracts recorded in earnings will be offset by changes in the value of the hedged item, also recorded in earnings on a pretax basis and as an asset or liability, as applicable. Once the firm purchase commitment has been consummated, the firm commitment asset or liability balance will be reclassified as an addition to or subtraction from, the carrying value of the purchased asset. During the three month periods ended December 28, 2003 and December 29, 2002, respectively, no such foreign exchange derivative activity occurred. At December 28, 2003 and December 29, 2002, respectively, the Company had no such foreign exchange derivative contracts outstanding.

The Company is exposed to risk from fluctuating prices for zinc used in the manufacturing process. The Company hedges a portion of this risk through the use of commodity swaps. The swaps are designated as cash flow hedges with the fair value recorded in OCI and as a hedge asset or liability, as applicable. The fair value of the swaps is reclassified from OCI into earnings when the hedged purchase of zinc metal-based items also affects earnings. The swaps effectively fix the floating price on a specified quantity of zinc through a specified date. During the three month periods ended December 28, 2003 and December 29, 2002, respectively, $232 of pretax derivative gains and $218 of pretax derivative losses were recorded as an adjustment to cost of sales for swap contracts settled at maturity. At December 28, 2003, the Company had a series of such swap contracts outstanding through October 2004 with a contract value of $7,351. The derivative net gain or loss on these contracts recorded in OCI at December 28, 2003 and December 29, 2002, respectively, was an after-tax gain of $1,071 and an after-tax loss of $217.

Change in Accounting Policy: In previous years, the Company deferred certain advertising costs incurred on an interim basis in accordance with APB 28. The Company chose the deferral method to match advertising expenses to the level of sales on an interim basis (i.e., more advertising expenses were recognized in quarters in which the level of sales was higher) as management believed that the benefits of the advertising expenditures extended beyond the interim period in which the expenditures were made. However, in the Company's annual financial statements, there was no deferral of advertising costs incurred and the Company recognized advertising costs in accordance with the American Institute of Certified Public Accountants' Statement of Position No. 93-7, *Reporting on Advertising Costs*. The acquisition of Remington on September 30, 2003, will result in an increased level of advertising expenditures required for Remington's personal care products, as well as expenses that are more seasonal in nature, as compared to the Company's legacy battery products. Therefore, beginning with the three months ended December 28, 2003, the Company began expensing all advertising costs in the period in which they are incurred for interim reporting purposes. This change has no impact on the reported results for prior years. Management believes the new policy of expensing all advertising expenses as incurred is preferable as it eliminates the uncertainty in estimating overall expected net sales and the benefit period of the advertising on an interim basis. In addition, the new accounting policy results in the recognition of advertising costs in the interim period in which they are actually incurred, and conforms the Company's interim accounting policy with that used to prepare the

annual financial statements. The impacts on net income (loss) and earnings per share related to the change in accounting policy is as follows:

	Three Months	
	2004	2003
Income (loss) before change in accounting policy	$ 25,423	$ (585)
Less: Impact due to change in accounting policy, net of tax	(3,224)	—
Net income (loss), as reported	$ 22,199	$ (585)
Basic earnings per share:		
Income (loss) before change in accounting policy	$ 0.79	$ (0.02)
Less: Impact due to change in accounting policy, net of tax	(0.10)	—
Net income (loss), as reported	$ 0.69	$ (0.02)
Diluted earnings per share:		
Income (loss) before change in accounting policy	$ 0.76	$ (0.02)
Less: Impact due to change in accounting policy, net of tax	(0.09)	—
Net income (loss), as reported	$ 0.67	$ (0.02)

Had the prior year's advertising expense been recognized consistent with the policy used in the current fiscal year, the Company's net income (loss) and earnings per share would have reflected the pro forma amounts indicated below:

	Three Months	
	2004	2003
Pro forma amounts assuming new accounting policy is applied retroactively:		
Net income (loss)	$ 22,199	$ (3,251)
Basic earnings (loss) per share	$ 0.69	$ (0.10)
Diluted earnings (loss) per share	$ 0.67	$ (0.10)

The effect of restricted stock and unexercised stock options of approximately 712 shares outstanding for the three-month period ended December 29, 2002 were excluded from the diluted EPS calculation, as their effect was anti-dilutive.

2 INVENTORIES

Inventories consist of the following:

	December 28, 2003	September 30, 2003
Raw material	$ 34,717	$ 60,732
Work-in-process	20,355	34,914
Finished goods	123,823	123,608
	$ 178,895	$ 219,254

3 ACQUIRED INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of the following:

	December 28, 2003			September 30, 2003		
Amortized Intangible Assets:	Gross Carrying Amount	Accumulated Amortization	Net Intangible	Gross Carrying Amount	Accumulated Amortization	Net Intangible
Proprietary technology	$ 10,421	$ 514	$ 9,907	$ 10,421	$ 340	$ 10,081
Customer lists	1,781	252	1,529	1,781	210	1,571

Effect of translation			2,989			2,084
			$ 14,425			$ 13,736
Pension Intangibles						
Under-funded pension	$ 2,405	$ —	$ 2,405	$ 2,405	$ —	$ 2,405
Unamortized Intangible Assets						
Trade names balance as of beginning of the period	$ 218,642	$ 4,875	$ 213,767	$ 90,000	$ 4,875	$ 85,125
Trade name acquired during the period	—	—	—	128,642	—	128,642
Subtotal			213,767			213,767
Effect of translation			33,233			22,962
Trade names balance as of end of period			$ 247,000			$ 236,729

Goodwill	North America	Latin America	Europe/ROW	Total
Balance as of September 30, 2003, net	$ 285,418	$ 37,876	$ 75,086	$ 398,380
Goodwill recognized during the period	3,936	—	—	3,936
Effect of translation	—	64	4,560	4,624
Balance as of December 28, 2003, net	$ 289,354	$ 37,940	$ 79,646	$ 406,940

During 2003, the Company completed the acquisition of substantially all of the consumer battery business of VARTA AG and the acquisition of Remington Products Company, L.L.C. The Company recognized intangible assets associated with the VARTA acquisition, including proprietary manufacturing technology, customer lists, and VARTA trade name intangibles. The Company also recognized goodwill with both the VARTA and Remington acquisitions. The purchase price allocation

of the Remington acquisition is not yet finalized and future allocation of the Remington purchase price will impact the amount and segment allocation of goodwill and other intangible assets (see also footnote 10, Acquisitions, for additional discussion on the Remington acquisition). No allocation for the Remington trade name or other intangibles has been made in the Condensed Consolidated Balance Sheets as of September 30, 2003 and December 28, 2003, as valuations relating to Remington have not been completed.

The proprietary technology assets are being amortized on a straight-line basis over 10 to 19 years and the customer list asset is being amortized on a straight-line basis over 10 years. The Company has deemed that its trade name intangible assets have indefinite lives because they are expected to generate cash flows indefinitely, the Company has no intention of selling the trade names and there are no legal, regulatory, or contractual provisions that may limit the useful lives of the trade names. Goodwill and intangible assets deemed to have indefinite lives are tested for impairment annually.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," the Company performed its annual impairment test of goodwill and its unamortized intangibles in the first quarter of 2004. The fair value of each of the Company's reporting units was determined using a discounted cash flow methodology and these impairment tests indicated the fair value of each reporting unit exceeded its carrying amount. As a result, no impairment was recorded.

The amortization expense for the three months ended December 28, 2003 and December 29, 2002 is as follows:

	Three Months	
	2004	2003
Amortized intangible assets	$ 216	$ 63

The annual amortization expense for the next five fiscal years is not currently estimated to change significantly (absent impacts of foreign currency movements) from the amounts included in our latest filing of our Annual Report on Form 10-K for the year ended September 30, 2003. The purchase price allocation for the Remington acquisition has not yet been finalized; consequently, changes in the purchase price allocation could impact estimates of future amortization expense.

4 OTHER COMPREHENSIVE INCOME

Comprehensive income and the components of other comprehensive income for the three months ended December 28, 2003 and December 29, 2002 are as follows:

	Three Months	
	2004	2003

Net income (loss)	$ 22,199	$ (585)
Other comprehensive income:		
Foreign currency translation	9,829	3,373
Net unrealized loss on available-for-sale securities	—	(110)
Reclassification adjustment for losses included in net income	—	250
Net unrealized gain (loss) on derivative instruments	1,673	(706)
Comprehensive income	$ 33,701	$ 2,222

Net exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries are accumulated in a separate section of shareholders' equity. Also included are the effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as hedges of net foreign investments. The changes in accumulated foreign currency translation for the three months ended December 28, 2003 and December 29, 2002 were primarily attributable to the impact of translation of net assets of our European operations, primarily denominated in Euros and Pounds Sterling.

5 NET INCOME PER COMMON SHARE

Net income per common share for the three months ended December 28, 2003 and December 29, 2002 is calculated based upon the following shares:

	Three Months	
	2004	2003
Basic	32,168	31,801
Effect of restricted stock and assumed conversion of options	1,092	—
Diluted	33,260	31,801

The effect of restricted stock and unexercised stock options of approximately 712 shares outstanding for the three-month period ended December 29, 2002 were excluded from the diluted EPS calculation, as their effect was anti-dilutive.

6 DEBT

Outstanding debt consists of the following:

	December 28, 2003	September 30, 2003
Revolving credit facility	$ 500	$ —
Euro term A loan facility	48,562	49,563
Euro term B loan facility	139,770	139,067
Term B loan facility	257,000	317,000
Series B Senior Subordinated Debentures, due May 15, 2006, with interest at 11% payable semi-annually	—	5,424
Series D Senior Subordinated Debentures, due May 15, 2006, with interest at 11% payable semi-annually	—	50,586
Senior Subordinated Notes, due September 30, 2013, with interest at $8^1/2$% payable semi-annually	350,000	350,000
Capital lease and other notes and obligations	33,445	31,752
	829,277	943,392
Less current maturities	15,184	72,852
Long-term debt	$ 814,093	$ 870,540

During the three months ended December 28, 2003, the Company redeemed the remaining $56,010 of Series B and D Senior Subordinated Debentures assumed in connection with the acquisition of Remington. The notes were redeemed with the cash remaining following our debt offering of $350,000 of 8.5% Senior Subordinated Notes issued in connection with the acquisition of Remington.

In addition, during the three months ended December 28, 2003, the Company made payments of $60,000 on our Term B facility using a combination of cash remaining following our debt offering of our Senior Subordinated Notes and cash generated from our operating activities. The payments satisfied principal obligations which would have matured in 2004, 2005, 2006, 2007, 2008 and 2009, respectively, of $3,197, $579, $579, $579, $9,657, and $45,409.

At December 28, 2003, we had committed credit facilities comprised of Senior Credit Facilities and Senior Subordinated Notes of approximately $965 million (using the December 28, 2003 exchange rate of the Dollar to the Euro of 1.24517 to 1), of which approximately $157 million remains available as of December 28, 2003.

At December 28, 2003, we were in compliance with all covenants associated with our approximately $615 million Senior Credit Facility (using the December 28, 2003 exchange rate of the Dollar to the Euro of 1.24517 to 1) and our $350 million of Senior Subordinated Notes. In addition, we were required under our Senior Credit Facility, the Third Amended and Restated Credit Agreement as amended, to transform the Company's German subsidiary, VARTA Geratebatterie, from a Gmbh legal structure to a KgaA legal structure (the "Transformation") on or before March 31, 2004. The Company completed the Transformation during the three months ended December 28, 2003.

7 COMMITMENTS AND CONTINGENCIES

In March 1998, the Company entered into an agreement to purchase certain equipment and to pay annual royalties. In connection with this 1998 agreement, which supersedes previous agreements dated December 1991, and March 1994, the Company committed to pay royalties of $2,000 in 1998 and 1999, $3,000 in 2000 through 2002, and $500 in each year thereafter, as long as the related equipment patents are enforceable (until 2022). In December 2002, this agreement was modified such that royalty payments in 2003 through 2022 will be $250.

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. The Company believes that any additional liability in excess of the amounts provided of $5,434, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, results of operation, 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. Such litigation includes shareholder lawsuits, trademark infringement litigation initiated by Koninklijke Philips Electrics N.V. in several European countries with regard to rotary shavers, patent infringement claims by the Gillette Company and its subsidiary Braun Gmbh, and a lawsuit alleging misleading advertising, filed by Norelco Consumer Products Company against the Company's subsidiary, Remington Products Company, L.L.C. In the opinion of management, it is either not likely that, or premature to determine, whether such

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contingent liabilities will have a material adverse effect on the financial condition, results of operation, liquidity or cash flow of the Company.

8 RESTRUCTURING AND RELATED CHARGES

The Company reports restructuring charges relating to manufacturing and related initiatives in cost of goods sold. Restructuring and related charges reflected in cost of goods sold include, but are not limited to, termination and related costs associated with manufacturing employees, asset impairments relating to manufacturing initiatives, and other costs directly related to the restructuring initiatives implemented.

The Company reports restructuring charges relating to administrative functions in operating expenses, such as, initiatives impacting sales, marketing, distribution, or other non-manufacturing related functions. Restructuring and related charges reflected in operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the functional areas described above, and other costs directly related to the initiatives implemented.

During the three months ended December 29, 2002, restructuring and related charges included in cost of goods sold of approximately $9,700 include amounts related to: (i) the closure in October 2002 of the Company's Mexico City, Mexico plant and integration of production into the Company's Guatemala City, Guatemala manufacturing location, resulting in charges of approximately $6,200, including termination payments of approximately $1,400, fixed asset and inventory impairments of approximately $4,600, and other shutdown related expenses of approximately $200, (ii) the closure of operations at the Company's Madison, Wisconsin packaging facility and combination with the Company's Middleton, Wisconsin distribution center into a new leased complex in Dixon, Illinois resulting in charges of approximately $2,100, including non cash pension curtailment costs of approximately $700, fixed asset impairments of approximately $1,300, and relocation expenses and other shutdown related expenses of approximately $100, and (iii) a series of restructuring initiatives impacting the Company's manufacturing functions in Europe and North America resulting in charges of approximately $1,400, including termination benefits of approximately $500 and inventory and asset impairments of approximately $900.

During the three months ended December 29, 2002, restructuring and related charges included in operating expenses of approximately $5,700 include amounts related to: (i) the closure of operations at the Company's Middleton, Wisconsin distribution center and combination with our Madison, Wisconsin packaging facility into a new leased complex in Dixon, Illinois resulting in charges of approximately $300, reflecting fixed asset impairments of approximately $300, and (ii) a series of restructuring initiatives impacting the Company's sales, marketing, and administrative functions in Europe, North America, and Latin America resulting in charges of approximately $5,400, including termination costs of approximately $4,500, research and development contract termination costs of approximately $300, fixed asset impairments of $300, and legal and other expenses of approximately $300.

During the year ended September 30, 2003, the Company recorded restructuring and related charges including: (i) approximately $13,000 of employee termination benefits for approximately 650 notified employees and non cash costs of approximately $700 associated with the write-off of pension intangible assets reflecting the curtailment of the Company's Madison, Wisconsin packaging facility

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pension plan, (ii) approximately $12,800 of equipment, inventory and other asset write-offs primarily reflecting the abandonment of equipment and inventory associated with the closure of the Mexico City, Mexico plant and inventory and fixed asset impairments related to the closure of the Company's Wisconsin packaging and distribution locations, (iii) approximately $6,400 of other expenses which include, distributor termination costs of approximately $900, research and development contract termination costs of approximately $500, and other legal and facility shutdown expenses of approximately $5,000.

During the year ended September 30, 2003, restructuring and related charges include amounts related to: (i) the closure in October 2002 of the Company's Mexico City, Mexico plant and integration of production into the Company's Guatemala City, Guatemala manufacturing location, resulting in charges of approximately $6,200, including termination payments of approximately $1,400, fixed asset and inventory impairments of approximately $4,300, and other shutdown related expenses of approximately $500, (ii) the closure of operations at the Company's Madison, Wisconsin packaging facility and Middleton, Wisconsin distribution center and combination of the two operations into a new leased complex currently being built in Dixon, Illinois resulting in charges of

approximately $13,800, including termination costs of approximately $2,700 and non cash costs of approximately $700 associated with the write-off of pension intangible assets reflecting the curtailment of the Company's Madison, Wisconsin packaging facility pension plan, fixed asset and inventory impairments of approximately $7,200, and relocation expenses and other shutdown related expenses of approximately $3,200, and (iii) a series of restructuring initiatives impacting the Company's sales, marketing, operations and administrative functions in Europe, North America, and Latin America resulting in charges of approximately $12,900, including termination benefits of approximately $8,900, inventory and asset impairments of approximately $1,300, distributor termination costs of approximately $900, research and development contract termination costs of approximately $500, and other costs primarily reflecting legal and other expenses of approximately $1,300.

All activities associated with the 2003 restructuring activities have been completed, and the remaining cash payments and the disposition of impaired assets are expected to be substantially complete by September 30, 2004.

The Company has reflected the carrying value of its Mexico City, Mexico manufacturing plant and the Company's Madison, Wisconsin packaging facility as assets held for sale. The carrying value of assets held for sale relating to restructuring initiatives is $8,680 and is included in Prepaid expenses and other in the Company's Condensed Consolidated Balance Sheet at December 28, 2003 and September 30, 2003.

2003 Restructuring Summary

	Termination Benefits	Other Costs	Total
Expense accrued	$ 9,800	$ 15,600	$ 25,400
Expense as incurred	3,200	4,300	7,500
Cash expenditures	(9,800)	(4,500)	(14,300)
Non cash charges	—	(9,400)	(9,400)
Balance September 30, 2003	$ 3,200	$ 6,000	$ 9,200
Cash expenditures	(1,200)	(200)	(1,400)
Non cash charges	—	(3,200)	(3,200)
Balance December 28, 2003	$ 2,000	$ 2,600	$ 4,600

During 2004, the Company recorded restructuring and related charges in operating expenses of approximately $1,100 relating to charges related to certain pre-acquisition executive compensation agreements with certain Remington employees. The Company expects the expenses accrued in the three months ended December 28, 2003 will be paid during the next fiscal quarter and expects a comparable charge will be recognized in the second fiscal quarter of 2004. See footnote 11, Subsequent Events, for further discussion of restructuring and related charges to be incurred and recognized in 2004.

2004 Restructuring Summary

	Termination Benefits	Other Costs	Total
Expense accrued	$ —	$ 1,100	$ 1,100
Balance December 28, 2003	$ —	$ 1,100	$ 1,100

9 SEGMENT INFORMATION

The Company manages operations in three reportable segments based upon geographic area. North America includes the United States and Canada; Latin America includes Mexico, Central America, South America and the Caribbean; Europe/Rest of World ("Europe/ROW") includes continental Europe, the United Kingdom, and all other countries in which the Company does business.

The Company manufactures and markets dry cell batteries including alkaline, zinc carbon, alkaline rechargeable, hearing aid, and other specialty batteries and lighting products throughout the world. The Company, with the acquisition of Remington, also designs and markets electric shavers and accessories, electric grooming products, and hair care appliances. All of these product lines are generally sold in North America and Europe/ROW. Latin America sales have historically been derived primarily from zinc carbon and alkaline batteries.

Net sales and cost of sales to other segments have been eliminated. The gross contribution of inter segment sales is included in the segment selling the product to the external customer. Segment net sales are based upon the geographic area in which the product is sold.

The reportable segment profits do not include interest expense, interest income, foreign exchange gains or losses, and income tax expense. Also not included in the reportable segments are corporate expenses including corporate purchasing expense, general and administrative expense, research and development expense, and restructuring and related charges. All depreciation and amortization included in income from continuing operations is related to reportable segments or corporate. Costs are identified to reportable segments or corporate, according to the function of each cost center.

The reportable segment assets do not include cash, deferred tax assets, investments, and current and long-term intercompany receivables. All capital expenditures relate to reportable segments. Variable allocations of assets are not made for segment reporting.

Segment information for the three months ended December 28, 2003 and December 29, 2002 is as follows:

	Three Months	
	2004	2003
Net sales from external customers		
Europe/ROW	$ 186,966	$ 118,702
North America	230,818	107,076
Latin America	36,226	34,444
Total segments	$ 454,010	$ 260,222

	Three Months	
	2004	2003
Inter segment net sales		
Europe/ROW	$ 5,130	$ 2,916
North America	10,000	7,885
Latin America	91	—
Total segments	$ 15,221	$ 10,801

	Three Months	
	2004	2003
Segment profit		
Europe/ROW	$ 32,806	$ 15,994
North America	33,867	19,676
Latin America	2,433	3,567
Total segments	69,106	39,237
Corporate expense	18,334	13,304
Restructuring and related charges	1,100	15,390
Interest expense	17,351	10,102
Non-operating expense	—	3,072
Other income, net	(1,262)	(1,687)
Income (loss) from continuing operations before income taxes	$ 33,583	$ (944)

	December 28, 2003	December 29, 2002
Segment assets		
Europe/ROW	$ 595,046	$ 449,145
North America	616,780	229,649
Latin America	211,343	208,960
Total segments	1,423,169	887,754
Corporate	124,758	104,413
Total assets at period end	$ 1,547,927	$ 992,167

10 ACQUISITIONS

On September 30, 2003, the Company acquired all of the equity interests of Remington Products Company, L.L.C. Remington is a leading consumer products company focusing on the development and marketing of personal care products. Remington designs and distributes electric shavers and accessories, grooming products, hair care appliances and other small electrical consumer products.

Supplemental Pro Forma information: The following reflects the Company's pro forma results had the results of the Remington business been included for the Fiscal 2003 three months. The amounts included for Remington reflect net sales and net income from continuing operations, and exclude the Remington Service Centers, which are reflected as discontinued operations in the three months ended December 28, 2003. The pro forma adjustments do not include any amortization expense

associated with amortizable intangible assets, as the third-party valuations have not been completed, and currently none of the purchase price has been allocated to amortizable assets.

	Three Months	
	2004	2003
Net sales		
Reported net sales	$ 454,010	$ 260,222
Pro forma adjustments	—	146,025
Pro forma net sales	$ 454,010	$ 406,247
Income from continuing operations		
Reported income (loss) from continuing operations	$ 20,822	$ (585)
Pro forma adjustments	—	7,565
Pro forma income from continuing operations	$ 20,822	$ 6,980
Basic Earnings Per Share		
Reported income (loss) from continuing operations	$ 0.65	$ (0.02)
Pro forma adjustments	—	0.24
Pro forma income from continuing operations	$ 0.65	$ 0.22
Diluted Earnings Per Share		
Reported income (loss) from continuing operations	$ 0.63	$ (0.02)
Pro forma adjustments	—	0.23
Pro forma income from continuing operations	$ 0.63	$ 0.21

Pro forma diluted earnings per share for the three months ended December 29, 2002, include the effect of restricted stock and unexercised stock options of approximately 712 shares, which were outstanding during the three-month period. The effect of restricted stock and unexercised stock options had previously been excluded due to the anti-dilutive impact on the Company's reported loss from continuing operations.

11 SUBSEQUENT EVENTS

Remington Integration Initiatives

On January 13, 2004, the Company committed to and announced a series of initiatives to position the Company for future growth opportunities and to optimize the global resources of the combined Remington and Rayovac companies. These initiatives include: integrating all of Remington's operations services, marketing, sales, and customer service functions into the Company's North America headquarters in Madison, Wisconsin; moving Remington's Bridgeport, Connecticut manufacturing facility to the Company's Portage, Wisconsin manufacturing location; creation of a global product development group in the Company's technology center in Madison, Wisconsin; continuation of Remington's plans to close Service Centers stores in the United States and the United Kingdom; and moving the Company's corporate headquarters to Atlanta, Georgia.

The Company expects to record pretax restructuring and integration charges of approximately $8 to $10 million, to be recorded during the balance of 2004. Cash costs of the restructuring program, including purchase accounting costs, are expected to total $30 to $35 million. Cash savings related to these costs are projected to be in the range of $30 to $35 million when fully realized in fiscal 2005. The result of these initiatives is a reduction of approximately 500 positions in the combined organization, 300 positions within the Company's service centers, 130 positions in administrative functions, and 70 positions in manufacturing activities.

The Company recognized $1,100 of restructuring and related charges during the quarter ended December 28, 2003 relating to certain pre-acquisition executive compensation agreements with certain Remington employees. See footnote 8, Restructuring and Related Charges, for additional discussion on the restructuring and related charges recognized during the quarter ended December 28, 2003.

Acquisition of Ningbo Baowang

In addition, on January 19, 2004, the Company announced it signed an agreement to acquire an 85 percent equity interest in Ningbo Baowang Battery Company of Ninghai, China. The remaining 15 percent equity interest in the operation will continue to be held by Ningbo Baowang Investment Company and the founder/general manager of Ningbo Baowang. The transaction, subject to customary closing conditions, including approval by the Rayovac board of directors and the Chinese government, is expected to close within 60-90 days. Rayovac's investment is anticipated to be approximately $24 million and the acquisition is expected to be accretive to earnings per share in the first year.

Ningbo Baowang, founded in 1995, produces alkaline and zinc carbon batteries for retail, OEM and private label customers. The company exports its batteries to customers throughout North and South America, Europe and Asia. In addition to export sales, Ningbo Baowang has been building its distribution and market share in China and now has 26 branches and regional sales offices and distribution throughout China.

12 SHAREHOLDERS' EQUITY

During the three months ended December 28, 2003, the Company issued approximately 354 shares of restricted stock to certain members of management. Approximately 330 of these shares will vest over the three-year period ending September 30, 2006 provided the recipient is still employed by the Company, with fifty percent of the shares vesting on a pro rata basis over the three-year period and the remaining fifty percent vesting based on the Company's performance during the three-year period. Approximately 24 shares will vest over the one-year period ending September 30, 2004. The total market value of the restricted shares on date of grant was approximately $5,173 and has been recorded as unearned restricted stock compensation, a separate component of shareholders' equity. Unearned compensation is being amortized to expense over the appropriate vesting period.

Also during the three months ended December 28, 2003, the Company issued approximately 131 shares of common stock resulting from the exercise of stock options with an aggregate cash exercise value of $1,181. The Company also granted approximately 236 stock options at an average exercise price of $14.60 during the three months ended December 28, 2003. All grants were at an exercise price equal to the market price of the stock on the date of the grant.

13 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

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

Also in connection with the acquisition of Remington, we completed a debt offering of $350,000 of 8.5% Senior Subordinated Notes due in 2013. Payment obligations of the Senior Subordinated Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's domestic subsidiaries, including ROV Holding, Inc. The foreign subsidiaries of the Company, which do not guarantee the payment obligations under the notes, are directly and wholly owned by ROV Holding, Inc.

Condensed Consolidating Balance Sheet

December 28, 2003

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 5,641	$ 1,308	$ 18,688	$ —	$ 25,637
Receivables, net	195,994	181,331	263,840	(284,701)	356,464
Inventories	44,143	27,510	111,408	(4,166)	178,895
Prepaid expenses and other	25,029	15,286	31,806	2,175	74,296
Total current assets	270,807	225,435	425,742	(286,692)	635,292
Property, plant and equipment, net	69,804	4,906	74,017	—	148,727
Goodwill	22,695	74,050	111,823	198,372	406,940
Intangible assets, net	87,894	—	176,124	(188)	263,830
Deferred charges and other	102,763	2,985	13,604	(52,494)	66,858
Debt issuance costs	26,280	—	—	—	26,280
Investments in subsidiaries	691,790	465,630	—	(1,157,420)	—
Total assets	$ 1,272,033	$ 773,006	$ 801,310	$ (1,298,422)	$ 1,547,927
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 58,253	$ 75	$ 10,460	$ (53,604)	$ 15,184
Accounts payable	96,616	209,502	91,582	(230,703)	166,997
Accrued liabilities	35,155	47,200	127,826	—	210,181
Total current liabilities	190,024	256,777	229,868	(284,307)	392,362
Long-term debt, net of current maturities	791,285	25	60,582	(37,799)	814,093
Employee benefit obligations, net of current portion	30,296	—	34,249	—	64,545
Other	27,001	15,382	10,981	(14,697)	38,667
Total liabilities	1,038,606	272,184	335,680	(336,803)	1,309,667

Shareholders' equity:					
Common stock	625	6,881	12,405	(19,286)	625
Additional paid-in capital	192,256	294,606	347,589	(642,077)	192,374
Retained earnings	188,524	196,436	103,266	(301,324)	186,902
Accumulated other comprehensive (loss) income	(7,292)	2,899	2,370	1,068	(955)
Notes receivable from officers/shareholders	(3,605)	—	—	—	(3,605)
	370,508	500,822	465,630	(961,619)	375,341
Less treasury stock, at cost	(130,070)	—	—	—	(130,070)
Less unearned restricted stock compensation	(7,011)	—	—	—	(7,011)
Total shareholders' equity	233,427	500,822	465,630	(961,619)	238,260
Total liabilities and shareholders' equity	$ 1,272,033	$ 773,006	$ 801,310	$ (1,298,422)	$ 1,547,927

Condensed Consolidating Statement of Operations
Three Months Ended December 28, 2003

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 119,744	$ 139,330	$ 235,519	$ (40,583)	$ 454,010
Cost of goods sold	75,699	88,664	137,867	(41,250)	260,980
Restructuring and related charges	—	—	—	—	—
Gross profit	44,045	50,666	97,652	667	193,030
Operating expenses:					
Selling	27,312	30,049	44,171	(89)	101,443
General and administrative	17,966	(756)	19,303	—	36,513
Research and development	2,611	1,170	521	—	4,302
Restructuring and related charges	—	1,100	—	—	1,100
Total operating expenses	47,889	31,563	63,995	(89)	143,358
Operating (loss) income	(3,844)	19,103	33,657	756	49,672
Interest expense	16,232	559	560	—	17,351
Equity income	(44,834)	(36,901)	—	81,735	—
Non-operating expense	—	—	—	—	—
Other expense (income), net	12,141	(512)	(12,891)	—	(1,262)
Income from continuing operations before income taxes	12,617	55,957	45,988	(80,979)	33,583
Income tax (benefit) expense	(8,826)	11,868	9,719	—	12,761
Income from continuing operations	21,443	44,089	36,269	(80,979)	20,822
Income from discontinued operations, net of tax	—	745	632	—	1,377
Net income	$ 21,443	$ 44,834	$ 36,901	$ (80,979)	$ 22,199

Condensed Consolidating Statement of Cash Flows
Three Months Ended December 28, 2003

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by continuing operating activities	$ (11,789)	$ 50,468	$ 8,430	$ 217	$ 47,326
Cash flows from investing activities:					
Purchases of property, plant and equipment	(1,160)	(87)	(1,708)	—	(2,955)

Payments for acquisitions, net of cash acquired	(2,577)	(2)	—	2	(2,577)
Net cash used by investing activities	(3,737)	(89)	(1,708)	2	(5,532)
Cash flows from financing activities:					
Reduction of debt	(148,397)	(29)	1,268	—	(147,158)
Proceeds from debt financing	76,500	—	—	—	76,500
Extinguishment of debt	(1,002)	(56,010)	—	—	(57,012)
Other	1,951	5	(43)	—	1,913
Net cash (used) provided by financing activities	(70,948)	(56,034)	1,225	—	(125,757)
Net cash provided by discontinued operations	—	924	—	—	924
Effect of exchange rate changes on cash and cash equivalents	12,099	—	(10,978)	(219)	902
Net decrease in cash and cash equivalents	(74,375)	(4,731)	(3,031)	—	(82,137)
Cash and cash equivalents, beginning of period	80,016	6,039	21,719	—	107,774
Cash and cash equivalents, end of period	$ 5,641	$ 1,308	$ 18,688	$ —	$ 25,637

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

We are a global branded consumer products company with leading market positions in our two major product categories: consumer batteries and electric personal care products. We are a leading worldwide manufacturer and marketer of alkaline and zinc carbon batteries. We are also the leading worldwide manufacturer and marketer of hearing aid batteries, a leading worldwide designer and marketer of rechargeable batteries and a leading marketer of battery-powered lighting products. With the acquisition of Remington, we are also a leading designer and marketer of electric shavers and accessories, electric grooming products and hair care appliances. Our products are sold on a global basis in over 100 countries through a variety of channels, including mass merchandisers, home centers and hardware stores, consumer electronics stores, warehouse clubs, food, drug and convenience stores, department stores, hearing aid professionals, industrial distributors and original equipment manufacturers ("OEMs"). We enjoy strong name recognition in our markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years.

Our financial performance is influenced by a number of factors including: general economic conditions and trends in consumer markets; our overall product line mix, including sales prices and gross margins which vary by product line; and our general competitive position, especially as impacted by our competitors' promotional activities and pricing strategies.

There have not been any significant changes in economic or industry conditions, in our lines of business, location of operations, or products since our latest filing of our Annual Report on Form 10-K for the year ended September 30, 2003, except as specifically noted below and our decision to discontinue operations at our Remington Service Centers in the United States and the United Kingdom.

On January 13, 2004, we committed to and announced a series of initiatives to position us for future growth opportunities and to optimize the global resources of the combined Remington and Rayovac companies. These initiatives include: integrating all of Remington's operations services, marketing, sales, and customer service functions into our North America headquarters in Madison, Wisconsin; moving Remington's Bridgeport, Connecticut manufacturing facility to our Portage, Wisconsin manufacturing location; creation of a global product development group in our technology center in Madison, Wisconsin; to close Remington's retail Service Center stores in the United States and the United Kingdom; and moving our corporate headquarters to Atlanta, Georgia.

We expect to record pretax restructuring and integration charges of approximately $8 to $10 million in fiscal 2004. Cash costs of the restructuring program, including purchase accounting costs, are expected to total $30 to $35 million. Cash savings related to these costs are projected to be in the range of $30 to $35 million when fully realized in fiscal 2005. The result of these initiatives is a reduction of approximately 500 positions, or approximately 10%, of the combined organization.

For additional information on the changes related to our discontinued operations and Remington integration initiatives, see the discussion below under, Discontinued Operations, footnote 1, Significant Accounting Policies—Discontinued Operations, and footnote 11, Subsequent Events.

Fiscal Quarter Ended December 28, 2003 Compared to Fiscal Quarter Ended December 29, 2002

Year over year historical comparisons are influenced by our September 30, 2003 acquisition of Remington Products L.L.C. ("Remington"), which is included in our current year but not prior year results. See footnote 10, Acquisitions, to our Condensed Consolidated Financial Statements for supplemental pro forma information providing additional year over year comparisons of the impacts of the Remington acquisition.

During the three months ended December 28, 2003 (the "Fiscal 2004 Quarter"), we initiated the closing of the Remington Service Centers in the United States and United Kingdom, continuing an initiative Remington began three years ago. We anticipate the closings will occur over the balance of the fiscal year.

Consequently, the results of the Remington Service Centers for the Fiscal 2004 Quarter are reflected in our Condensed Consolidated Statement of Operations as a discontinued operation. See footnote 1, Significant Accounting Policies—Discontinued Operations. As a result, and unless specifically stated, all discussions regarding our Fiscal 2004 Quarter reflect results for our continuing operations.

Net Sales. Our net sales for the Fiscal 2004 Quarter increased $193.8 million, or 74.5%, to $454.0 million from $260.2 million in the three months ended December 29, 2002 (the "Fiscal 2003 Quarter"). The Remington acquisition contributed approximately $161.0 million to the sales increase. The balance of the increase reflected sales increases across all geographic segments, which are discussed in more detail below.

Gross Profit. Our gross profit margins for the Fiscal 2004 Quarter improved to 42.5% from 36.0% in the Fiscal 2003 Quarter. Excluding the impacts of restructuring and related charges, our gross profit margins were 39.7% in the previous year. The improvement versus the previous year is primarily attributable to the impacts of the Remington acquisition. Sales of our Remington product lines were at more favorable gross profit margins than our general battery and lighting product lines. Excluding the impacts of the Remington acquisition and the impacts of the prior year restructuring charges, our gross profit margins were relatively unchanged. Unfavorable customer and product line mix in North America and Latin America mostly offset improvements in gross profit margin due to favorable cost improvements and the results of last year's VARTA integration initiatives.

Operating Income. Our operating income increased $39.2 million to $49.7 million in the Fiscal 2004 Quarter from $10.5 million in the same period last year. The increase was primarily attributable to the impacts of the Remington acquisition, which contributed approximately $28.3 million of operating income, the presence of $15.4 million in restructuring and related charges reflecting a series of restructuring initiatives implemented in the Fiscal 2003 Quarter, and an increase in Europe/Rest of World ("Europe/ROW") profitability reflecting the favorable impacts of our VARTA integration initiatives and the impacts of favorable foreign currency movements. These increases were partially offset by increases in corporate expenses, all of which are discussed in more detail below.

Income from Continuing Operations. Our income from continuing operations for the Fiscal 2004 Quarter increased $21.4 million to $20.8 million from a loss of ($0.6) million in the Fiscal 2003 Quarter. The Fiscal 2004 Quarter increase was due primarily to the improvements in operating income discussed above and the presence of non-operating expenses of $1.9 million, after tax, in the quarterly period last year reflecting the write-off of unamortized debt issuance costs partially offset by an increase in interest expense of $4.5 million, after tax, in the Fiscal 2004 Quarter reflecting the financing costs associated with the Remington acquisition.

Discontinued Operations. Our income from discontinued operations of $1.4 million reflects the operating results of our Remington Service Centers. Net sales from discontinued operations were approximately $13.6 million with income from discontinued operations before income taxes of $1.9 million.

Segment Results. The Company manages operations in three reportable segments based upon geographic area. North America includes the United States and Canada; Latin America includes Mexico, Central America, South America, and the Caribbean; Europe/Rest of World ("Europe/ROW") includes continental Europe, the United Kingdom, and all other countries in which we do business.

Global and geographic strategic initiatives and financial objectives are determined at the corporate level. Each geographic region is responsible for implementing defined strategic initiatives and achieving certain financial objectives. Each geographic region has a general manager responsible for all the sales and marketing initiatives for all product lines within that region. Financial information pertaining to our geographic regions is contained in footnote 9, Segment Results, of our Notes to Condensed Consolidated Financial Statements filed with this report.

We evaluate segment profitability based on income from operations before corporate expense and restructuring and related charges. Corporate expense includes corporate purchasing expense, general and administrative expense and research and development expense.

Europe/ROW

	Fiscal Quarter	
	2004	2003
Net sales from external customers	$ 187.0	$ 118.7
Segment profit	32.8	16.0
Segment profit as a % of net sales	17.5%	13.5%
Assets	$ 595.0	$ 449.1

Our sales to external customers increased $68.3 million, or 57.5%, to $187.0 million in the Fiscal 2004 Quarter from $118.7 million the previous year primarily due to the favorable impacts of the Remington acquisition and favorable foreign currency movements. The Remington acquisition contributed approximately $51.5 million to the sales increase with the balance of the increase primarily attributable to the impact of foreign currency movements as the strengthening Euro versus the U.S. dollar favorably impacted sales. Sales volumes reflected strong alkaline and lighting products sales reflecting expanded distribution partially offset by softness in zinc carbon attributable to the general market trend toward alkaline batteries compounded by weakness in other specialty battery sales.

Our profitability increased $16.8 million to $32.8 million in the Fiscal 2004 Quarter from $16.0 million the previous year. The profitability increase was primarily driven by favorable impacts of the Remington acquisition, which contributed approximately $9.3 million, favorable gross profit margin expansion reflecting a favorable product line mix, the benefits of VARTA integration initiatives implemented in Fiscal 2003 and the favorable impacts of foreign currency movements. Profitability as a percent of net sales increased from 13.5% in the Fiscal 2003 Quarter to 17.5% in the Fiscal 2004 Quarter primarily reflecting the impact of improved gross profit margins resulting from the favorable impacts of the VARTA integration initiatives.

Our assets increased $145.9 million to $595.0 million in the Fiscal 2004 Quarter from $449.1 million the previous year. The increase primarily reflects the impacts of the Remington transaction, which contributed approximately $63.9 million, and the impacts of foreign currency movements of approximately $86.0 million, reflecting the strengthening of the Euro and Pound Sterling. Absent the impacts of foreign exchange, we experienced increases in receivables partially offset by lower inventories. Intangible assets are approximately $254.6 million and primarily relate to the VARTA acquisition. The purchase price allocation for the Remington acquisition has not yet been finalized and future allocations could impact the amount and segment allocation of goodwill and other intangible assets. The purchase price allocation will be finalized by the end of the fiscal year.

North America

	Fiscal Quarter	
	2004	2003
Net sales from external customers	$ 230.8	$ 107.1
Segment profit	$ 33.9	19.7
Segment profit as a % of net sales	14.7%	18.4%
Assets	$ 616.8	$ 229.6

Our sales to external customers increased $123.7 million to $230.8 million in the Fiscal 2004 Quarter from $107.1 million the previous year due primarily to the favorable impacts of the Remington acquisition, which contributed approximately $109.5 million, and strength in the general battery category. Alkaline sales increases of 26.0% were primarily attributable to improving retail sales and the completion of the rollout of our fifty-percent more alkaline marketing strategy to the marketplace. Rechargeable battery sales increases of 19.6% were associated with the IC-3 rechargeable battery system launch, which was launched in the fourth quarter of Fiscal 2003. Hearing aid battery sales decreases of 10.5% reflect timing of shipments between the fourth quarter of Fiscal 2003 and the Fiscal 2004 Quarter. Lighting products sales decreases of 7.9% primarily reflect volume declines.

Our profitability increased $14.2 million to $33.9 million in the Fiscal 2004 Quarter from $19.7 million the previous year. The increase in profitability primarily reflects the favorable impacts of the Remington acquisition, which contributed approximately $20.3 million, partially offset by an unfavorable gross profit margin variance attributable to an unfavorable customer and product mix and to our launch of our fifty-percent more alkaline marketing strategy. We also experienced an increase in operating expenses associated with our sales volume gains and an increase in and a change in the timing of recognition of advertising expenses due to our change in accounting policy, which offset our sales volume improvement. The impact of our change in our advertising accounting policy is more fully described in footnote 1, Significant Accounting Policies—Change in Accounting Policy. Our profitability margins decreased 370 basis points to 14.7% from 18.4% in the same quarter last year, primarily due to lower gross profit margins and higher operating expenses as a percentage of sales, reflecting our increased advertising expense.

Our assets increased $387.2 million to $616.8 million in the Fiscal 2004 Quarter from $229.6 million the previous year. The increase in assets is primarily attributable to the Remington acquisition, which added approximately $366.7 million, and an increase in receivables reflecting our sales increase, partially offset by lower inventories reflecting our sku rationalization initiatives implemented during Fiscal 2003. Intangible assets are approximately $289.4 million and primarily relate to the Remington acquisition. The purchase price allocation for the Remington acquisition has not yet been finalized and future allocations could impact the amount and segment allocation of goodwill and other intangible assets. The purchase price allocation will be finalized by the end of the fiscal year.

Latin America

	Fiscal Quarter	
	2004	2003
Net sales from external customers	$ 36.2	$ 34.4
Segment profit	2.4	3.6
Segment profit as a % of net sales	6.6%	10.5%
Assets	$ 211.3	$ 209.0

Our sales to external customers increased $1.8 million, or 5.2%, to $36.2 million in the Fiscal 2004 Quarter from $34.4 million in the previous year. The increase in sales is due primarily to sales increases in alkaline of 10.2% and zinc carbon batteries of 3.3%. This product line growth is primarily driven by

our Mexico, Argentina, and Chilean operations, partially offset by sales declines experienced in our Andean region. The Remington acquisition did not have an impact on the Latin America segment.

Our profitability decreased $1.2 million to $2.4 million in the Fiscal 2004 Quarter from $3.6 million in the previous year. The profitability decline primarily reflects an unfavorable gross profit margin rate variance reflecting an unfavorable product mix compounded by an increase in accounts receivable reserves within the region offsetting cost savings associated with our VARTA integration initiatives implemented in the segment during Fiscal 2003. Our profitability margins decreased 390 basis points to 6.6% from 10.5% in the same period last year due to lower gross profit margins and operating expense increases.

Our assets increased $2.3 million to $211.3 million in the Fiscal 2004 Quarter from $209.0 million the previous year. The increase in assets is primarily attributable to the finalization of the VARTA acquisition purchase price allocation in the fourth fiscal quarter of Fiscal 2003 resulting in an increase in property, plant, and equipment and intangible asset valuations. Intangible assets are approximately $123.1 million.

Corporate Expense. Our corporate expenses increased $5.0 million to $18.3 million in the Fiscal 2004 Quarter from $13.3 million in the previous year. The increase in expense is primarily due to a general increase in professional expenses associated with the Remington integration of approximately $1.0 million, an increase in management incentives and deferred compensation expenses of approximately $2.1 million, an increase in a reserve for a long-term receivable with a licensed distributor of approximately $2.4 million, and an increase in research and development expense of approximately $0.5 million, primarily reflecting the impact of Remington. Included in the previous year is a $1.5 million net charge associated with the settlement of a patent infringement litigation claim. Our corporate expense as a percentage of sales decreased to 4.0% in the Fiscal 2004 Quarter from 5.1% in the previous year due to our higher sales volume.

Restructuring and Related Charges. The Fiscal 2004 Quarter reflects restructuring charges related to certain pre-acquisition executive compensation agreements with certain Remington employees. In addition, we committed to and announced on January 13, 2004, a series of restructuring initiatives associated with the Remington integration. We expect to incur restructuring and integration charges of approximately $8.0 to $10.0 million during Fiscal 2004. Cash costs, including purchase accounting costs, are expected to total approximately $30.0 to $35.0 million, with cash savings related to these initiatives projected to be in the range of $30.0 to $35.0 million when fully realized in Fiscal 2005. The result of these integration initiatives is an expected reduction in the total global workforce of approximately 500 positions. See footnote 8, Restructuring and Related Charges, and footnote 11, Subsequent Events, for additional discussion on these initiatives.

The Fiscal 2003 Quarter reflects $15.4 million of Restructuring and related charges associated with: (i) European integration initiatives of approximately $2.4 million, primarily reflecting termination benefits of approximately $0.8 million, inventory and asset impairments of approximately $1.2 million, and other integration costs of approximately $0.4 million, (ii) North America manufacturing and packaging restructuring initiatives of approximately $2.3 million, including pension and termination costs of approximately $1.0 million and fixed asset impairments of approximately $1.3 million, (iii) North America and Corporate sales, marketing, and administrative restructuring initiatives of approximately $2.7 million, including approximately $2.1 million of termination benefits, fixed asset impairments of approximately $0.3 million, research and development contract termination costs of approximately $0.3 million, (iv) Latin America manufacturing restructuring initiatives of approximately $6.2 million reflecting the closure of our Mexico City, Mexico manufacturing location, including termination payments of approximately $1.4 million, fixed asset and inventory impairments of approximately $4.6 million, and other shutdown related expenses of approximately $0.2 million, and (v) other Latin America sales and administrative integration initiatives of $1.8 million, primarily

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reflecting termination benefits of approximately $1.8 million associated with the integration of our Mexico and Colombia business.

Interest Expense. Interest expense increased $7.3 million to $17.4 million in the Fiscal 2004 Quarter due to the increase in debt of approximately $350.0 million to finance the Remington acquisition. The increase in interest expense was partially offset by our reduction in debt due to our strong operating cash flow over the last twelve months.

Non-Operating Expense. There were no non-operating expenses in the Fiscal 2004 Quarter. Non-operating expense of $3.1 million in the Fiscal 2003 Quarter relates to the write-off of unamortized debt fees associated with the previous credit facility, replaced in conjunction with the VARTA acquisition.

Income Tax Expense. Our effective tax rate on income from continuing operations was 38% for the Fiscal 2004 Quarter, unchanged from the prior year.

Adoption of New Accounting Pronouncements

No new accounting pronouncements were adopted during the Fiscal 2004 Quarter.

Liquidity and Capital Resources

For the Fiscal 2004 Quarter, continuing operating activities provided $47.3 million in net cash, an increase of $23.1 million from last year. Within operating cash flow, we recognized an increase in net income, primarily reflecting the impacts of the Remington acquisition, and the presence of restructuring and related charges in the prior year. The decrease in other non-cash adjustments primarily reflects the presence of non-cash restructuring charges and the write-off of unamortized debt issuance costs in the Fiscal 2003 Quarter. Operating cash flow from changes in working capital increased $5.1 million versus the previous year primarily reflecting lower inventory investments and higher payables and other liabilities which offset our increased investment in receivables reflecting our stronger sales.

Net cash used by investing activities decreased to $5.5 million for the Fiscal 2004 Quarter, primarily reflecting the impacts of the VARTA acquisition in the prior year cash flows. Capital expenditures in the Fiscal 2004 Quarter were primarily for improvements to alkaline battery manufacturing and to a lesser extent relating to the Remington acquisition. Capital expenditures for Fiscal 2004 are expected to be approximately $25.0 million, which are expected to include spending for continued investment in our alkaline and hearing aid manufacturing operations, continued technology investments, and spending associated with our Remington acquisition.

During the Fiscal 2004 Quarter we granted approximately 0.2 million options to purchase shares of common stock to various employees of the company. All grants have been at an exercise price equal to the market price of the common stock on the date of the grant. We also granted approximately 0.4 million shares of restricted stock on October 1, 2003, from the 1997 incentive plan, to certain members of management. The majority of these shares will vest over the three-year period ending on September 30, 2006, provided the recipient is still employed by us, with fifty percent of the shares vesting on a pro rata basis over the three-year period and the remaining fifty percent vesting based on our performance during the three-year period. The balance of the shares will vest over a one-year period ending September 30, 2004. The total market value of the restricted shares on date of grant totaled approximately $5.2 million and has been recorded as unearned restricted stock compensation, a separate component of shareholders' equity. Unearned compensation is being amortized to expense over the appropriate vesting period. See footnote 12, Shareholders' Equity, for additional discussion.

During the Fiscal 2004 Quarter, we redeemed the remaining $56.0 million of our Series B and D Senior Subordinated Debentures assumed in connection with the acquisition of Remington and made payments of $60.0 million on our Term B facility. The debentures and Term B payments were made with the cash remaining following our debt offering of $350.0 million of 8.5% Senior Subordinated Notes issued in connection with the acquisition of Remington and our cash flow from operations.

In addition to our principal payments included in footnote 6, Debt, we have annual interest payment obligations of approximately $29.8 million associated with our debt offering of $350.0 million of 8.5% Senior Subordinated Notes due in 2013. We also incur interest on our borrowings associated with our Senior Credit Facilities, and such interest would increase our borrowings on our revolving credit facilities if cash were not otherwise available for such payments. Based on amounts currently outstanding under our Senior Credit Facilities, and using market interest rates and foreign exchange rates in effect as of December 28, 2003, we estimate annual interest payments of approximately $23.5 million would be required assuming no further principal payments were to occur.

We believe our cash flow from operating activities and periodic borrowings under our credit facilities will be adequate to meet the short-term and long-term liquidity requirements of our existing business prior to the expiration of those credit facilities, although no assurance can be given in this regard. Our current credit facilities include a revolving credit facility of $120 million, a revolving credit facility of €40 million, a term loan of $350 million, a term loan of €125 million and a term loan of €50 million. As of December 28, 2003, the following amounts were outstanding under these facilities: $0.5 million and $257.0 million, respectively, of the U.S. Dollar revolver and term loan and, €112.3 million and €39.0 million, respectively, of the Euro term loans. In addition, approximately $12.5 million of the remaining availability under the U.S. Dollar revolver was utilized for outstanding letters of credit.

Our Third Restated Agreement, ("Agreement"), contains financial covenants with respect to borrowings, which include maintaining minimum interest and fixed charge and maximum leverage ratios. In accordance with the Agreement, the limits imposed by such ratios became more restrictive over time. In addition, the Agreement restricts our ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures, and merge or acquire or sell assets.

Also in connection with the acquisition of Remington, we completed a debt offering of $350.0 million of 8.5% Senior Subordinated Notes due in 2013. The terms of the notes permit the holders to require the Company to repurchase all or a portion of the notes in the event of a change of control. In addition, the terms of the notes restrict or limit our ability to, among other things: (i) pay dividends or make other restricted payments, (ii) incur additional indebtedness and issue preferred stock, (iii) create liens, (iv) incur dividend and other 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 of the notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's domestic subsidiaries, including ROV Holding, Inc. The foreign subsidiaries of the Company, which do not guarantee the payment obligations under the notes, are directly and wholly owned by ROV Holding, Inc.

As of December 28, 2003, we were in compliance with all covenants associated with our approximately $615 million Senior Credit Facility (using the December 28, 2003 exchange rate of the Dollar to the Euro of 1.24517 to 1) and our $350 million of Senior Subordinated Notes. In addition, we were required under our Senior Credit Facility, the Third Amended and Restated Credit Agreement as amended, to transform the Company's German subsidiary, VARTA Geratebatterie, from a Gmbh legal structure to a KgaA legal structure (the "Transformation") on or before March 31, 2004. We completed the Transformation during the Fiscal 2004 Quarter.

As discussed in footnote 11, Subsequent Events, on January 19, 2004, we signed an agreement to acquire an 85 percent equity interest in Ningbo Baowang Battery Company of Ninghai, China. The transaction, subject to customary closing conditions, including approval by the Rayovac board of directors and the Chinese government, is expected to close within 60 to 90 days. Our investment is anticipated to be approximately $24 million and is anticipated to be financed through a combination of cash and revolving debt.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Impact of Recently Issued Accounting Standards

In December 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 132 (revised 2003), *Employers' Disclosures about Pension and Other Post Retirement Benefits.* Statement No. 132 revises employers' disclosures about pension and other post retirement plans. It does not change the measurement or recognition of those plans required by FASB Statements No. 87, *Employers' Accounting for Pensions,* No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits,* and No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. Statement No. 132 retains the disclosure requirements contained in Statement No. 132, *Employers' Disclosures about Pensions and Other Post Retirement Benefits*, which it replaces. Statement No. 132 requires additional disclosures to those in the original Statement No. 132 about the assets, obligations, cash flows, and net periodic pension benefit cost of defined benefit plans and other defined benefit post retirement plans. The provisions of the original Statement No. 132 remain in effect until the provisions of this statement are adopted. Except for certain exceptions, revised Statement No. 132 is effective for financial statements with fiscal years ending after December 15, 2003. The interim-period disclosures required are effective for interim periods beginning after December 15, 2003. The Company believes that the adoption of Statement No. 132, as revised, will not have a significant impact on its consolidated financial statements.

Critical Accounting Policies and Critical Accounting Estimates

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and fairly present the financial position and results of operations of the Company. There have been no significant changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for our fiscal year ended September 30, 2003**,** except for our change in our advertising accounting policy for interim reporting purposes, which is more fully described in footnote 1, Significant Accounting Policies—Change in Accounting Policy**.**

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Factors

We have market risk exposure from changes in interest rates, foreign currency exchange rates and commodity prices. We use derivative financial instruments for purposes other than trading to mitigate the risk from such exposures.

A discussion of our accounting policies for derivative financial instruments is included in footnote 1 "Significant Accounting Policies" in Notes to our Condensed Consolidated Financial Statements.

Interest Rate Risk

We have bank lines of credit at variable interest rates. The general level of U.S. interest rates, LIBOR, and Euro LIBOR primarily affects interest expense. We use interest rate swaps to manage such risk. The net amounts to be paid or received under interest rate swap agreements 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 contract counter-parties are included in accrued liabilities or accounts receivable.

Foreign Exchange Risk

We are subject to risk from sales and loans to and from our subsidiaries as well as sales to, purchases from and bank lines of credit with, third-party customers, suppliers and creditors, respectively, denominated in foreign currencies. Foreign currency sales are made primarily in Euro, Pounds Sterling, Colombian Pesos, and Mexican Pesos. Foreign currency purchases and sales are made primarily in Euro, Pounds Sterling, Colombian Pesos, and Mexican Pesos. We manage our foreign exchange exposure from anticipated sales, accounts receivable, intercompany loans, firm purchase commitments and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency), forward foreign exchange contracts, foreign exchange rate swaps and foreign exchange options. The related amounts payable to, or receivable from, the contract counter parties are included in accounts payable or accounts receivable.

Commodity Price Risk

We are exposed to fluctuations in market prices for purchases of zinc used in the manufacturing process. We use commodity swaps, calls and puts to manage such risk. The maturity of, and the quantities covered by, the contracts are closely correlated to our anticipated purchases of the commodities. The cost of calls, and the premiums received from the puts, are amortized over the life of the contracts and are recorded in cost of goods sold, along with the effects of the swap, put and call contracts. The related amounts payable to, or receivable from, the counterparties are included in accounts payable or accounts receivable.

Sensitivity Analysis

The analysis below is hypothetical and should not be considered a projection of future risks. Earnings projections are before tax.

As of December 28, 2003, the potential change in fair value of outstanding interest rate derivative instruments, assuming a 1% unfavorable shift in the underlying interest rates would be a loss of $3.5 million. The net impact on reported earnings, after also including the reduction in one year's interest expense on the related debt due to the same shift in interest rates, would be a net loss of $0.9 million.

As of December 28, 2003, the potential change in fair value of outstanding foreign exchange derivative instruments, assuming a 10% unfavorable shift in the underlying foreign exchange rates would be a loss of $0.7 million. The net impact on future cash flows, after also including the gain in value on the related accounts receivable and accounts payable outstanding at December 28, 2003 due to the same change in exchange rates, would be immaterial.

As of December 28, 2003, the potential change in fair value of outstanding commodity price derivative instruments, assuming a 10% unfavorable change in the underlying commodity prices would be a loss of $0.9 million. The net impact on reported earnings, after also including the reduction in cost of one year's purchases of the related commodities due to the same change in commodity prices, would be a net gain of $0.7 million.

Forward Looking Statements

Certain of the information contained in this Quarterly Report on Form 10-Q is not historical and may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by such forward-looking language as "expects," "anticipates," "intends," "believes," "will," "estimate," "should," "may" or other similar terms. In reviewing such information, you should note that such statements are based upon current expectations of future events and projections; our actual results may differ materially from those set forth in such forward-looking statements.

Since these forward-looking statements are based upon current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those contained in this Quarterly Report on Form 10-Q include, without limitation, (1) competitive promotional activity or spending by competitors or price reductions by competitors, (2) the loss of, or a significant reduction in, sales to a significant retail customer, (3) difficulties or delays in the integration of operations of acquired businesses, (4) the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands, (5) the effects of general economic conditions, including inflation, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where we do business, (6) our ability to develop and successfully introduce new products and protect our intellectual property, (7) our ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings, (8) the impact of unusual items resulting from the implementation of new business strategies, acquisitions and divestitures or current and proposed restructuring activities, (9) the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental regulations), (10) changes in accounting policies applicable to our business, (11) interest rate, exchange rate and raw materials price fluctuations, and (12) the effects of political or economic conditions or unrest in international markets.

Some of the above-mentioned factors are described in further detail in "Risk Factors" beginning on page 32 of our Annual Report on Form 10-K for the year ended September 30, 2003. Other factors and assumptions not identified above were also involved in the derivation of the forward-looking statements contained in this Quarterly Report on Form 10-Q. If such other factors impact our results or if such assumptions are not correct or do not come to fruition, our actual results may differ materially from those projected. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Item 4. Controls and Procedures

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

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

Part II. Other Information

Item 1. Legal Proceedings

There have been no significant changes in the status of Rayovac's legal proceedings since the filing of Rayovac's Annual Report on Form 10-K for its fiscal year ended September 30, 2003.

Item 6. Exhibits and Reports on Form 8-K

(a) *Exhibits.* Please refer to the Exhibit Index.

(b) *Reports on Form 8-K.* The Company filed four reports on Form 8-K during the three-month period ended December 28, 2003. The first report on Form 8-K was dated September 30, 2003, filed on October 15, 2003, and amended on December 10, 2003. The Form 8-K reported on the acquisition of Remington Products L.L.C ("Remington") and the amended Form 8-K contained the audited financial statements of Remington and certain unaudited pro forma financial information of the Company. The second report on Form 8-K was dated and filed on November 13, 2003 to furnish the transcript of a webcast hosted by Rayovac on November 13, 2003 announcing certain financial results for its fourth fiscal quarter and year ended September 30, 2003, among other matters. The third report on Form 8-K was dated December 17, 2003 and filed on December 18, 2003 to furnish the transcript of a press release by Rayovac on December 17, 2003 announcing the Company's extension of the expiration date of its exchange offer for its $8^1/2$% Senior Subordinated Notes, among other matters. The fourth report on Form 8-K was dated and filed on December 19, 2003 to furnish the transcript of a press release by Rayovac on December 19, 2003 announcing the Company's expiration of its exchange offer for its $8^1/2$% Senior Subordinated Notes, among other matters.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: February 11, 2004

RAYOVAC CORPORATION

By: /s/ RANDALL J. STEWARD

Randall J. Steward
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit 2.1	Purchase Agreement, dated August 21, 2003 by and among Rayovac Corporation, Remington Products Company, L.L.C., Vestar Equity Partners, L.P., Investors/RP, L.L.C. and RPI Corp. (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated August 22, 2003) filed September 3, 2003.
Exhibit 2.2	Amendment No. 1 to Purchase Agreement dated August 21, 2003 by and among Rayovac Corporation, Remington Products Company, L.L.C., Vestar Equity Partners, L.P., Investors/RP, L.L.C. and RPI Corp. (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated September 30, 2003) filed October 15, 2003.
Exhibit 2.3	Joint Venture Agreement, dated July 28, 2002, by and among Rayovac Corporation, VARTA AG and ROV German Limited GmbH, as amended (filed by incorporation by reference to the Current Report on Form 8-K, File No 001-13615, dated October 1, 2002) filed October 16, 2002.
Exhibit 3.1	Amended and Restated Articles of Incorporation of Rayovac Corporation (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 1997, File No. 333-17895) filed December 23, 1997.
Exhibit 3.2	Amended and Restated By-laws of Rayovac Corporation, as amended through July 24, 2002 (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.

Exhibit 4.1	Registration Rights Agreement, dated September 30, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Vestar Shaver Corp., Vestar Razor Corp., Remington Products Company, L.L.C., Remington Capital Corporation, Remington Rand Corporation, Remington Corporation, L.L.C., Banc of America Securities LLC, Citigroup Global Markets Inc. and ABN AMRO Incorporated (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated September 30, 2003) filed October 15, 2003.
Exhibit 4.2	Indenture, dated September 30, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Vestar Shaver Corp., Vestar Razor Corp., Remington Products Company, L.L.C., Remington Capital Corporation, Remington Rand Corporation, Remington Corporation, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated September 30, 2003) filed October 15, 2003.
Exhibit 4.3	Supplemental Indenture, dated October 24, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Remington Products Company, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to the Registration Statement on Form S-4, File No. 333-110290, dated November 6, 2003) filed November 6, 2003.
Exhibit 4.4	Form of Note (included in Exhibit 4.2) (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated September 30, 2003) filed October 15, 2003.
Exhibit 10.1	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and David A. Jones (filed by incorporation by reference to Amendment No. 1 to the Quarterly Report on Form 10-Q/A for the quarterly period ended December 29, 2002, File No. 001-13615) filed May 2, 2003.

Exhibit 10.2	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Kent J. Hussey (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.3	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Kenneth V. Biller (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.4	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Stephen P. Shanesy (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.5*	Amended and Restated Employment Agreement, dated as of January 1, 2004, by and between the Company and Lester C. Lee.
Exhibit 10.6	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Luis A. Cancio (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.7	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Dr. Paul G. Cheeseman (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.8	Employment Agreement, dated as of August 19, 2002, by and between the Company and Randall J. Steward (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.9	Registered Director's Agreement, effective as of October 1, 2002, by and between ROV German Holding GmbH and Remy Burel (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.10	Building Lease between the Company and SPG Partners dated May 14, 1985, as amended June 24, 1986, and June 10, 1987 (filed by incorporation by reference to the Registration Statement on form S-1, File No. 333-17895) filed December 13, 1996.
Exhibit 10.11	Amendment, dated December 31, 1998, between the Company and SPG Partners, to the Building Lease, between the Company and SPG Partners, dated May 14, 1985 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended January 3, 1999, File No. 001-13615) filed February 17, 1999.
Exhibit 10.12	Build-To-Suit Lease Agreement, dated as of May 2, 2002, by and among 200 Corporate Drive, L.L.C., as Landlord, the Company, as Tenant, and Higgins Development Partners, L.L.C., as Developer (filed by incorporation by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2003, File No. 001-13615) filed December 16, 2002.
Exhibit 10.13	Real Estate Lease, dated September 1, 2001, by and between VARTA Gerätebatterie GmbH, as Tenant, and Paula Grundstucksverwaltungsgesellschaft mbH and Co. Vermietungs-KG, as Landlord, as

amended (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, File No. 001-13615) filed February 12, 2003.

Exhibit 10.14	Real Property Leasing Agreement, dated December 21, 2000, by and between VARTA Gerätebatterie GmbH, as Tenant, and ROSATA Grudstücks-Vermietungsgesellschaft mbH and Co. object Dischingin KG, as Landlord, as amended (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, File No. 001-13615) filed February 12, 2003.
Exhibit 10.15	Addendum No. 2 to Real Property Leasing Agreement, dated December 21, 2000, by and between VARTA Geratebatterie GmbH, as Tenant, and ROSATA Grudstücks-Vermietungsgesellschaft mbH and Co. object Dischingin KG, as Landlord, as amended (filed by incorporation by reference to the Registration Statement on Form S-4, File No. 333-110290, dated November 6, 2003) filed November 6, 2003.
Exhibit 10.16	Third Amended and Restated Credit Agreement, dated October 1, 2002, by and among the Company, VARTA Geratebatterie GmbH, the lenders party thereto, LaSalle Bank National Association, as documentation agent, Citicorp North America, Inc., as syndication agent, and Bank of America, N.A., as administrative agent (filed by incorporation by reference to the Current Report on Form 8-K, File No. 333-17895, dated October 1, 2002) filed October 16, 2002.
Exhibit 10.17	Amendment No. 1 to Third Amended and Restated Credit Agreement, dated October 1, 2002, by and among the Company, VARTA Geratebatterie GmbH, the lenders party thereto, LaSalle Bank National Association, as documentation agent, Citicorp North America, Inc., as syndication agent, and Bank of America, N.A., as administrative agent (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, File No. 001-13615) filed February 12, 2003.
Exhibit 10.18	Amendment No. 2 to Third Amended and Restated Credit Agreement, dated October 1, 2002, by and among the Company, VARTA Geratebatterie GmbH, the lenders party thereto, LaSalle Bank National Association, as documentation agent, Citicorp North America, Inc., as syndication agent, and Bank of America, N.A., as administrative agent (filed by incorporation by reference to the Current Report on Form 8-K, File No. 001-13615, dated September 30, 2003) filed October 15, 2003.
Exhibit 10.19	Rayovac Corporation 1996 Stock Option Plan (filed by incorporation by reference to Quarterly Report on Form 10-Q for the quarterly period ended June 29, 1997, File No. 333-17895) filed August 13, 1997.
Exhibit 10.20	1997 Rayovac Incentive Plan (filed by incorporation by reference to the Registration Statement on Form S-1, File No. 333-35181) filed September 8, 1997.
Exhibit 10.21	Rayovac Profit Sharing and Savings Plan (filed by incorporation by reference to the Registration Statement on Form S-1, File No. 333-35181) filed September 8, 1997.
Exhibit 10.22	Rayovac Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, File No. 001-13615) filed February 12, 2003.
Exhibit 10.23	Rayovac Corporation Deferred Compensation Plan, as amended (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, File No. 001-13615) filed February 12, 2003.
Exhibit 10.24	Technical Collaboration, Sale and Supply Agreement, dated as of March 5, 1998, by and among the Company. Matsushita Battery Industrial Co., Ltd. and Matsushita Electric Industrial Co., Ltd. (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended March 28, 1998, File No. 333-17895) filed May 5, 1998.
Exhibit 18.1*	Preferability letter from KPMG LLP, Independent Auditors.

Exhibit 31.1*	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2*	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.
Exhibit 32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

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RAYOVAC CORPORATION Condensed Consolidated Balance Sheets December 28, 2003 and September 30, 2003 (Unaudited) (In thousands)
RAYOVAC CORPORATION Condensed Consolidated Statements of Operations For the three month periods ended December 28, 2003 and December 29, 2002 (Unaudited) (In thousands, except per share amounts)
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Exhibit 10.5

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of the 1st day of January, 2004, by and between Rayovac Corporation, a Wisconsin corporation (the "Company"), and Lester Lee (the "Executive").

WHEREAS, the Executive has been employed by the Company and its Remington Products Company, L.L.C. subsidiary ("Remington") as President, Remington North America pursuant to an Employment Agreement between the Executive and the Company dated October 7, 2003 ("Previous Rayovac Agreement") and a Change of Control Agreement between Executive and Remington dated September 20, 2000 ("Remington Change of Control Agreement"); and

WHEREAS, the Company desires to amend and restate the Previous Rayovac Agreement and terminate and cancel the Remington Change of Control Agreement and to employ the Executive upon the terms and conditions set forth herein and the Executive is willing and able to accept such employment on such terms and conditions.

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. *Employment Duties and Acceptance.* The Company hereby employs the Executive, and the Executive agrees to serve and accept employment with the Company as its President, North America. The Executive shall be based in Madison, Wisconsin, shall be a member of the Company's executive committee and shall report to the Chairman and Chief Executive Officer. During the Term (as defined below), the Executive shall devote all of his working time to such employment and appointment, shall devote his best efforts to advance the interests of the Company and shall not engage in any other business activities, as an employee, director, consultant or in any other capacity, whether or not he receives any compensation therefor, without the prior written consent of the Board of Directors of the Company (the "Board"). Notwithstanding the foregoing, consent is not required for activities established prior to the date hereof.

2. *Term of Employment.* Subject to Section 4 hereof, the Executive's employment and appointment hereunder shall be for a term commencing on January 1, 2004 and expiring on December 31, 2006 (the "Term").

3. *Compensation.* In consideration of the performance by the Executive of his duties hereunder, the Company shall pay or provide to the Executive the following compensation, which the Executive agrees to accept in full satisfaction for his services, it being understood that necessary withholding taxes, FICA contributions and the like shall be deducted from such compensation:

   (a) *Initial Consideration.* In consideration for Executive waiving rights under the Remington Change of Control Agreement and entering into this Agreement, the Company will make a one-time, non-elective contribution to the Company's Deferred Compensation Plan on Executive's behalf in the amount of Seven Hundred Forty Five Thousand Dollars ($745,000). Executive shall also retain all rights to Restricted Stock he had been granted in the Company pursuant to the Previous Rayovac Agreement.

   (b) *Base Salary.* The Executive shall receive a base salary equal to an amount no less than Three Hundred Seventy-Five Thousand dollars ($375,000) per annum effective January 1, 2004 for the duration of the Term ("Base Salary"), which Base Salary shall be paid in equal semi-monthly installments. The Board will review from time to time the Base Salary payable to the Executive hereunder and may, in its discretion, increase the Executive's Base Salary.

   (c) *Bonus.* The Executive shall be entitled to receive the bonus that would have been due as an employee of Remington for calendar year 2003, if and when such bonus would have been due

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under the Remington bonus plan, including the Super Performance provisions as amended August 28, 2003. The Executive shall also receive a bonus for each fiscal year ending during the Term, payable annually in arrears, which shall be based on seventy-five percent (75%) of Base Salary, provided the Company achieves certain annual performance goals established by the Board from time to time (the "Bonus"). The Executive shall be entitled to receive only seventy-five percent (75%) of any Bonus earned during the Company's fiscal year ending September 30, 2004.

   (d) *Insurance Coverage and Benefit Plans.* The Executive shall be entitled to such insurance and all other benefits as are generally made available by the Company to its executive officers from time to time, including participation in the company's Comprehensive Medical Plan, Dental Insurance Plan, Long Term Disability Plan, Business Travel Accident Plan, Profit Sharing and Savings Plan (401(k)), Executive Deferred Compensation and life insurance programs, and Supplemental Employment Retirement Plan (with the first contribution to such Supplemental Employment Retirement Plan to be made October 1, 2004).

   (e) *Residence:* The Company will provide Executive a suitable residence for Executive in the Madison, WI area during the Term of this Agreement. Executive will furnish the residence at his expense and he will be responsible for day-to-day costs associated with use of such residence, such as utilities, general maintenance, lawn care/snow removal. Executive's right to use the residence shall cease upon termination of his employment with the Company, regardless of reason for such termination.

   (f) *Vacation.* The Executive shall be entitled to four (4) weeks vacation each year.

   (g) *Expenses.* The Executive shall be entitled to reimbursement of all reasonable and documented expenses actually incurred or paid by the Executive in the performance of the Executive's duties under this Agreement, upon presentation of expense statements, vouchers or other supporting

information in accordance with Company policy.

(h) *Vehicle.* The Executive shall be provided with the use of a leased vehicle in accordance with the terms and conditions of the Company's executive leased vehicle policy.

4. *Termination.*

(a) *Termination by the Company with Cause.* The Company shall have the right at any time to terminate the Executive's employment hereunder without prior notice upon the occurrence of any of the following (any such termination being referred to as a termination for "Cause"):

(i) the commission by the Executive of any deliberate and premeditated acts taken by the Executive in bad faith against the interests of the Company;

(ii) the Executive has been convicted of, or pleads *nolo contendere* with respect to, any felony, or of any lesser crime or offense having as its predicate element fraud, dishonesty or misappropriation of the property of the Company;

(iii) the habitual drug addiction or intoxication of the Executive, which negatively impacts his job performance, or the Executive's failure of a Company-required drug test;

(iv) the willful failure or refusal of the Executive to perform his duties as set forth herein or the willful failure or refusal to follow the direction of the President, the CEO or the Board, provided such failure or refusal continues after thirty (30) days of the receipt of notice in writing from the President, the CEO or the Board of such failure or refusal, which notice refers to this Section 4(a) and indicates the Company's intention to terminate the Executive's employment hereunder if such failure or refusal is not remedied within such thirty (30) day period; or

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(v) the Executive breaches any of the terms of this Agreement or any other agreement between the Executive and the Company which breach is not cured within thirty (30) days subsequent to notice from the Company to the Executive of such breach, which notice refers to this Section 4(a) and indicates the Company's intention to terminate the Executive's employment hereunder if such breach is not cured within such thirty (30) day period.

If the definition of termination for "Cause" set forth above conflicts with such definition in any other agreements between the parties, the definition set forth herein shall control.

(b) *Termination by Company for Death or Disability.* The Company shall have the right at any time to terminate the Executive's employment hereunder upon thirty (30) days prior written notice upon the Executive's inability to perform his duties hereunder by reason of any mental, physical or other disability for a period of at least six (6) consecutive months (for purposes hereof, "disability" has the same meaning as in the Company's disability policy), if within 30 days after such notice of termination is given, the Executive shall not have returned to the full-time performance of his duties. The Company's obligations hereunder shall, subject to the provisions of Section 5(b), also terminate upon the death of the Executive.

(c) *Termination by Company without Cause.* The Company shall have the right at any time to terminate the Executive's employment for any other reason without Cause upon sixty (60) days prior written notice to the Executive.

(d) *Voluntary Termination by Executive.* The Executive shall be entitled to terminate his employment and appointment hereunder upon sixty (60) days prior written notice to the Company. Any such termination shall be treated as a termination by the Company for "Cause" under Section 5.

(e) *Notice of Termination.* Any termination by the Company for Cause shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 8. For purposes of this Agreement, a "Notice of Termination" means a written notice given prior to the termination which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the termination date of this Agreement (which date shall be not more than fifteen (15) days after the giving of such notice). The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing its rights hereunder.

5. *Effect of Termination of Employment.*

(a) *With Cause.* If the Executive's employment is terminated with Cause, the Executive's salary and other benefits specified in Section 3 shall cease at the time of such termination, and the Executive shall not be entitled to any compensation specified in Section 3 which was not required to be paid prior to such termination; provided, however, that the Executive shall be entitled to continue to participate in the Company's medical benefit plans to the extent required by law.

(b) *Without Cause, Death or Disability.* If the Executive's employment is terminated by the Company without Cause or by reason of death or disability, then the Company shall pay the Executive the amounts and provide the Executive the benefits as follows:

(i) The Company shall pay to the Executive as severance, an amount in cash equal to double the sum of (i) the Executive's Base Salary, and (ii) the annual Bonus (if any) earned by

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the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year ending immediately prior to the fiscal year in which the termination occurs, such cash amount to be paid to the Executive ratably monthly in arrears over the Non-Competition Period (as defined below).

(ii) For the greater of (i) the 24-month period immediately following such termination or (ii) the remainder of the Term, the Company shall arrange to provide the Executive and his dependents the additional benefits specified in Section 3(c). Benefits otherwise receivable by the Executive pursuant to this Section 5(b)(ii) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Section 6 or 7 hereof.

(iii) The Executive's accrued vacation (determined in accordance with Company policy) at the time of termination shall be paid as soon as reasonably practicable.

(iv) Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed.

(v) If the Executive's employment with the Company terminates during the Term, the Executive shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Section 5.

6. *Agreement Not to Compete.*

(a) The Executive agrees that during the Non-Competition Period (as defined below), he will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, or in any other capacity, engage or have a financial interest in any business that is involved in the manufacturing, sourcing, distributing, repairing, servicing or retail sale of consumer batteries, consumer battery accessories, men's or women's consumer electric shavers and hair trimming and clipping products in North America (a "Competing Business") (excepting only (a) the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market and (b) acting as an officer, director, consultant, agent, employee, principal or partner of a division, subsidiary (direct or indirect) or parent (direct or indirect) of a Competing Business, which division, subsidiary (direct or indirect) or parent (direct or indirect) is *not* involved in the manufacturing, sourcing, distributing, repairing, servicing or retail sale of consumer batteries, consumer battery accessories, men's or women's consumer electric shavers or hair trimming or clipping products in North America. The "Non-Competition Period" is (i) the longer of the Executive's employment with the Company or the time period which he serves as a director of the Company or any subsidiary of the Company *plus* (ii) a period of one (1) year thereafter.

(b) Without limiting the generality of clause (a) above, the Executive further agrees that during the Non-Competition Period, he will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, solicit or otherwise contact any of the Company's customers or prospects, as shown by the Company's records, that were customers or prospects of the Company at any time during the Non-Competition Period if such solicitation or contact is for the general purpose of selling products as defined in Section 6(a).

(c) The Executive agrees that during the Non-Competition Period, he shall not, other than in connection with employment for the Company, solicit the employment or services of any employee of Company who is or was an employee of Company at any time during the Term, nor hire any active employee of Company for any other business; provided, however that the provisions of this Section 6(c) shall not apply with respect to any employee whose employment

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with the Company or Remington was terminated at any time following the close of the transaction.

(d) If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the parties hereto to modify the foregoing restrictions to include the maximum restrictions allowed under the applicable law. The covenants and agreements set forth in this Section 6 shall be deemed, and shall be construed as, separate and independent covenants and agreements, and should any part or provision of such covenants or agreements be held invalid, void or unenforceable by any court of competent jurisdiction, such invalidity, voidness or unenforceability shall in no way render invalid, void or unenforceable any other part or provision thereof or any separate covenant not declared invalid, void or unenforceable; and this Section 6 shall in that case be construed as if the void, invalid or unenforceable provisions were omitted

(e) For purposes of this Section 6 and Section 7, the "Company" refers to the Company and any incorporated or unincorporated subsidiaries and affiliates of the Company, including Remington.

7. *Secret Processes and Confidential Information.*

(a) The Executive recognizes and acknowledges that he has had and will have access to certain highly sensitive, special, unique information of the Company that is confidential or proprietary. The Executive hereby covenants and agrees that he will not (except in the performance of his services under this Agreement): (a) use or disclose any Trade Secrets during the Term and for a period of five years thereafter for so long as they remain Trade Secrets and (b) use or disclose any Confidential Information during the term of his employment with the Company and for a period of three (3) years thereafter; *provided, however,* that the foregoing restrictions shall not apply to (1) items that have entered the public domain other than by

an unauthorized disclosure by the Executive, (2) any items required to be disclosed by a governmental authority or under applicable law, or (3) Confidential Information received subsequently from third parties not known by the Executive to be subject to confidentiality restrictions.

(b) For purposes of this Agreement, (A) "Trade Secret" means any currently existing information of the Company, including, without limitation, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a set of guidelines, a procedure, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers of the Company, that derives economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or otherwise constitutes a trade secret under applicable law; and (B) "Confidential Information" is any currently existing data or information of the Company other than Trade Secrets, which is competitively sensitive and not generally known to the public.

(c) The Executive will promptly disclose to the Company and to no other person, firm or entity all inventions, discoveries, improvements, trade secrets, formulas, techniques, processes, know-how and similar matters, whether or not patentable and whether or not reduced to practice, in each case pertaining to products produced and sold by the Company which are conceived or learned by the Executive during the period of the Executive's employment with the Company, either alone or with others, which relate to or result from the actual or anticipated business or research of the Company or which result, to any extent, from the Executive's use of the Company's premises or property (collectively called the "Inventions").

The Executive acknowledges and agrees that all the Inventions shall be the sole property of the Company, and the Executive hereby assigns to the Company all of the Executive's rights and interests in and to all of the Inventions, it being acknowledged and agreed by the Executive that all the Inventions are works made for hire. The Company shall be the sole owner of all domestic and foreign rights and interests in the Inventions. The Executive agrees to assist the Company at the Company's expense to obtain and from time to time enforce patents and copyrights on the Inventions.

(d) The Executive acknowledges that all Trade Secrets and Confidential Information are and shall be the sole, exclusive and valuable property of the Company, and that he does not have and shall not acquire any right, title or interest therein. Any and all printed, typed, written or other material that the Executive may have in his possession or obtain with respect to Trade Secrets or Confidential Information (including without limitation all copyrights therein) shall be and remain the exclusive property of the Company, and any and all material (including any copies) shall, upon request of the Company, be promptly delivered by the Executive to the Company.

8. *Notices.* All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other communication is sent by facsimile, (c) one day after delivery to an overnight delivery courier, or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices shall be as follows:

For notices and communications to the Company:

Rayovac Corporation
601 Rayovac Drive
Madison, WI 53711
Facsimile: (608) 278-6666
Attention: James T. Lucke

For notices and communications to the Executive:

Lester Lee
172 Catalpa Road
Wilton, Connecticut 06897

Any party hereto may, by notice to the other, change its address for receipt of notices hereunder.

9. *General.*

(a) *Governing Law.* This Agreement shall be construed under and governed by the laws of the State of Wisconsin, without reference to its conflicts of law principles. The parties agree that they shall submit to the exclusive jurisdiction of the state and federal courts located in the State of Wisconsin with respect to any dispute arising under this Agreement.

(b) *Amendment; Waiver.* This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument executed by all of the parties hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

(c) *Successors and Assigns.* This Agreement shall be binding upon the Executive, without regard to the duration of his employment by the Company or reasons for the cessation of such employment, and inure to the benefit of his administrators, executors, heirs and assigns, although the obligations of the Executive are personal and may be performed only by him. This Agreement shall also be binding upon and inure to the benefit

of the Company and its subsidiaries, successors and assigns, including any corporation with which or into which the Company or its successors may be merged or which may succeed to their assets or business.

(d) *Counterparts.* This Agreement may be executed in two counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(e) *Non-exclusivity of Rights.* Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation during his employment hereunder in any benefit, bonus, incentive or other plan or program provided by the Company or any of its affiliates and for which the Executive may qualify. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any affiliated company at or subsequent to the date of the Executive's termination of employment with the Company shall, subject to the terms hereof or any other agreement entered into by the Company and the Executive on or subsequent to the date hereof, be payable in accordance with such plan or program.

(f) *Mitigation.* In no event shall the Executive be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

(g) *Equitable Relief.* The Executive expressly agrees that breach of any provision of Sections 6 or 7 of this Agreement would result in irreparable injuries to the Company, that the remedy at law for any such breach will be inadequate and that upon breach of such provisions, the Company, in addition to all other available remedies, shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction without the necessity of proving the actual damage to the Company.

(h) *Entire Agreement.* This Agreement and the schedule hereto constitute the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof.

(i) *Prior Agreements.* This Agreement constitutes the entire understanding of the parties hereto with respect to Executive's employment with the Company and Remington and supersedes all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof. This Agreement supercedes and cancels the Previous Rayovac Agreement, the Remington Change of Control Agreement, and all other previous agreements relating to the employment of Executive by the Company or Remington; provided, however, that (i) Restricted Stock Agreements between the Company and the Executive entered into prior to the date of this Agreement and (ii) the Super Performance Agreement between Executive and Remington as amended August 28, 2003 relating to Remington bonuses payable for calendar year 2003 shall continue in full force and effect.

(j) *Attorney's Fees.* The Company shall reimburse the Executive for any and all legal fees and expenses incurred by the Executive, as such fees and expenses are incurred, in connection with any litigation or dispute between the parties under this Agreement including, but not limited to, legal fees and expenses incurred by the Executive in connection with any litigation brought in good faith by the Executive under this Agreement. The Company shall also reimburse the Executive as such fees and expenses are incurred by him in connection with the review and negotiation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

RAYOVAC CORPORATION

By: /s/ DAVID A. JONES

David A. Jones
Chairman and
Chief Executive Officer

EXECUTIVE:

/s/ LESTER LEE

Name: Lester Lee

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AMENDED AND RESTATED EMPLOYMENT AGREEMENT

EXHIBIT 18.1

February 10, 2004

Rayovac Corporation
Madison, WI

Ladies and Gentlemen:

We have been furnished with a copy of the quarterly report on Form 10-Q of Rayovac Corporation (the "Company") for the three months ended December 28, 2003, and have read the Company's statements contained in Note 1 to the condensed consolidated financial statements included therein. As stated in Note 1, the Company changed its method of accounting for certain advertising expenses for interim reporting purposes. In previous years, the Company deferred certain advertising costs incurred on an interim basis in accordance with APB 28. The Company chose the deferral method to match advertising expenses to the level of sales on an interim basis (i.e., more advertising expenses were recognized in quarters in which the level of sales was higher) as management believed that the benefits of the advertising expenditures extended beyond the interim period in which the expenditures were made. However, in the Company's annual financial statements, there was no deferral of advertising costs incurred and the Company recognized advertising costs in accordance with the American Institute of Certified Public Accountants' Statement of Position No. 93-7, *Reporting on Advertising Costs*. The acquisition of Remington on September 30, 2003, will result in an increased level of advertising expenditures required for Remington's personal care products, as well as expenditures that are more seasonal in nature, as compared to the Company's legacy battery products. Therefore, beginning with the three months ended December 28, 2003, the Company began expensing all advertising costs in the period in which they are incurred for interim reporting purposes. This change has no impact on the reported results for prior years. The Company states in Note 1 that the newly adopted accounting principle of expensing all advertising costs as incurred is preferable as it eliminates the uncertainty in estimating overall expected net sales and the benefit period of the advertising on an interim basis. In addition, the new accounting policy results in the recognition of advertising costs in the interim period in which they are actually incurred, and conforms the Company's interim accounting policy with that used to prepare the annual financial statements. In accordance with your request, we have reviewed and discussed with Company officials the circumstances and business judgment and planning upon which the decision to make this change in the method of accounting was based.

We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2003, nor have we audited the information set forth in the aforementioned Note 1 to the condensed consolidated financial statements; accordingly, we do not express an opinion concerning the factual information contained therein.

With regard to the aforementioned accounting change, authoritative criteria have not been established for evaluating the preferability of one acceptable method of accounting over another acceptable method. However, for purposes of the Company's compliance with the requirements of the Securities and Exchange Commission, we are furnishing this letter.

Based on our review and discussion, with reliance on management's business judgment and planning, we concur that the newly adopted method of accounting is preferable in the Company's circumstances.

Very truly yours,

/s/ KPMG LLP

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Exhibit 31.1

CERTIFICATIONS

I, David A. Jones, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayovac Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986];

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2004

/s/ DAVID A. JONES

David A. Jones
Chief Executive Officer

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CERTIFICATIONS

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Exhibit 31.2

CERTIFICATIONS

I, Randall J. Steward, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayovac Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986];

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2004 /s/ RANDALL J. STEWARD

Randall J. Steward
Chief Financial Officer

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Exhibit 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rayovac Corporation (the "Company") for the Quarterly Period ended December 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Jones, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID A. JONES

Name: David A. Jones
Title: Chief Executive Officer
Date: February 11, 2004

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rayovac Corporation (the "Company") for the Quarterly period ended December 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Randall J. Steward, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RANDALL J. STEWARD

Name: Randall J. Steward
Title: Chief Financial Officer
Date: February 11, 2004

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. $_$_DATA_CELL,2,1,1

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CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002