

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q/A

Amendment No. 1

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

For the quarterly period ended December 29, 2002

OR

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 53711  
-----

(Address of principal executive offices) (Zip Code)

(608) 275-3340  
-----

(Registrant's telephone number, including area code)

Not Applicable  
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(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 (X) No ( )

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

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of April 30, 2003, was 32,461,769.

EXPLANATORY NOTE

This Amendment No. 1 to the Quarterly Report on Form 10-Q (the "Form 10-Q") of Rayovac Corporation (the "Company") for the quarterly period ended December 29, 2002 is being filed for the purpose of amending and restating Items 1 and 6. In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, the complete text of Items 1 and 6, as amended, is set forth herein. In addition, in connection with the filing of this Amendment No. 1 and pursuant to Rule 12b-15, the Company is including certain currently dated certifications. The remainder of the Company's Quarterly Report on Form 10-Q is unchanged and is not reproduced in this Amendment No. 1. This report speaks as of the original filing date of the Form 10-Q and, except as indicated, has not been updated to reflect events occurring subsequent to the original filing date.

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

RAYOVAC CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
December 29, 2002 and September 30, 2002  
(Unaudited)  
(In thousands)

	DECEMBER 29, 2002	SEPTEMBER 30, 2002
	-----	-----
-ASSETS-		
Current assets:		
Cash and cash equivalents	\$ 22,919	\$ 9,881
Receivables	216,944	136,610
Inventories	143,006	84,275
Prepaid expenses and other	47,412	28,556
	-----	-----
Total current assets	430,281	259,322
Property, plant and equipment, net	168,681	102,586
Deferred charges and other, net	69,054	51,900
Intangible assets, net	324,151	119,425
	-----	-----
Total assets	\$ 992,167	\$ 533,233
	=====	=====
-LIABILITIES AND SHAREHOLDERS' EQUITY-		
Current liabilities:		
Current maturities of long-term debt	\$ 17,524	\$ 13,400
Accounts payable	134,309	76,155
Accrued liabilities	97,620	29,229
	-----	-----
Total current liabilities	249,453	118,784
Long-term debt, net of current maturities	465,447	188,471
Employee benefit obligations, net of current portion	54,734	24,009
Other	44,687	27,176
	-----	-----
Total liabilities	814,321	358,440
Shareholders' equity:		
Common stock, \$.01 par value, authorized 150,000 shares; issued 61,986 and 61,594 shares, respectively; outstanding 32,450 and 32,058 shares, respectively	620	616
Additional paid-in capital	185,608	180,823
Retained earnings	148,636	149,221
Accumulated other comprehensive loss	(17,052)	(19,859)
Notes receivable from officers/shareholders	(4,205)	(4,205)
	-----	-----
Total shareholders' equity	313,607	306,596
Less: Treasury stock, at cost, 29,536 shares	(130,070)	(130,070)
Less: Unearned restricted stock compensation	(5,691)	(1,733)
	-----	-----
Total shareholders' equity	177,846	174,793
	-----	-----
Total liabilities and shareholders' equity	\$ 992,167	\$ 533,233
	=====	=====

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 29, 2002 and December 30, 2001  
(Unaudited)  
(In thousands)

	THREE MONTHS	
	2003	2002
Net sales	\$ 260,222	\$ 161,883
Cost of goods sold	156,963	99,151
Special charges	9,705	--
Gross profit	93,554	62,732
Selling	48,526	27,407
General and administrative	24,904	28,567
Research and development	3,896	3,218
Special charges	5,685	--
Total operating expenses	83,011	59,192
Income from operations	10,543	3,540
Interest expense	10,102	4,169
Non-operating expense	3,072	--
Other income, net	(1,687)	(782)
(Loss) income before income taxes	(944)	153
Income tax benefit	(359)	(249)
Net (loss) income	\$ (585)	\$ 402
BASIC EARNINGS PER SHARE		
Weighted average shares and equivalents outstanding	31,801	31,780
Net (loss) income	\$ (0.02)	\$ 0.01
DILUTED EARNINGS PER SHARE		
Weighted average shares and equivalents outstanding	31,801	32,412
Net (loss) income	\$ (0.02)	\$ 0.01

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THESE STATEMENTS.

RAYOVAC CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three month period ended December 29, 2002 and December 30, 2001  
(Unaudited)  
(In thousands)

	THREE MONTHS	
	2003	2002
Cash flows from operating activities:		
Net (loss) income	\$ (585)	\$ 402
Non-cash adjustments to net income:		
Amortization	523	539
Depreciation	8,286	4,832
Other non-cash adjustments	3,791	(4,852)
Net changes in assets and liabilities	12,211	23,245
	-----	-----
Net cash provided by operating activities	24,226	24,166
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,052)	(3,862)
Proceeds from sale of property, plant and equipment	113	--
Payment for acquisitions, net of cash acquired	(245,130)	--
	-----	-----
Net cash used by investing activities	(248,069)	(3,862)
Cash flows from financing activities:		
Reduction of debt	(257,803)	(72,656)
Proceeds from debt financing	506,771	60,500
Debt issuance costs	(12,635)	--
Other	(606)	(334)
	-----	-----
Net cash provided (used) by financing activities	235,727	(12,490)
Effect of exchange rate changes on cash and cash equivalents	1,154	(384)
	-----	-----
Net increase in cash and cash equivalents	13,038	7,430
Cash and cash equivalents, beginning of period	9,881	11,358
	-----	-----
Cash and cash equivalents, end of period	\$ 22,919	\$ 18,788
	=====	=====

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 29, 2002, results of operations and cash flows for the three month periods ended December 29, 2002, and December 30, 2001. 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, 2002. Certain prior year amounts have been reclassified to conform with the current year presentation.

**SHIPPING AND HANDLING COSTS:** The Company incurred shipping and handling costs of \$12,996 and \$6,996 for the three months ended December 29, 2002 and December 30, 2001, 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.

**CONCENTRATION 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 customer's credit and financial conditions based on changing economic conditions and will make adjustments to credit policies as required.

The Company has a broad range of customers including many large retail outlet chains, one of which previously accounted for in excess of 20% of our sales volume. Due to the impacts of the VARTA acquisition, see Footnote 9, Acquisitions, this customer represented approximately 3% and 23%, respectively, of receivables as of December 29, 2002 and September 30, 2002.

After the acquisition of Varta, approximately 59% of the Company's sales occur outside of North America. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for collectability based on an assessment of the risks present.

**ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS:** In August 2001, the FASB issued Statement No. 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS. Statement No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company adopted the Statement on October 1, 2002. Adoption did not have a material effect on the financial statements of the Company.

In October 2001, the FASB issued Statement No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS. This statement supersedes FASB Statement No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, and the accounting and reporting provisions of APB Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS - REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS, for the disposal of a segment of a business. The Company adopted the Statement on October 1, 2002. Adoption did not have a material effect on the financial statements of the Company.

In April 2002, the FASB issued Statement No. 145, RESCISSION OF FASB STATEMENTS NO. 4, 44, AND 64, AMENDMENT OF FASB STATEMENT NO. 13, AND TECHNICAL CORRECTIONS. The Statement addresses, among other things, the income

statement treatment of gains and losses related to debt extinguishments, requiring such expenses to no longer be treated as extraordinary items, unless the items meet the definition of extraordinary per APB Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS--REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS. The Company adopted this Statement on October 1, 2002. As a result, the write-off of unamortized debt issuance costs of \$3,072 associated with the replacement of our previous credit facility is classified as non-operating expense in the three-month period ending December 29, 2002.

In November 2002, the FASB issued Interpretation No. 45, GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES, INCLUDING INDIRECT GUARANTEES OF INDEBTEDNESS OF OTHERS. This Interpretation addresses, among other things, the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. The Interpretation also requires the recognition of a liability by a guarantor at the inception of certain guarantees. The Company has adopted the disclosure requirements of the interpretation, and will apply the recognition and measurement provisions for all guarantees entered into or modified after December 31, 2002.

#### DERIVATIVE FINANCIAL INSTRUMENTS:

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes.

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 period ended December 29, 2002, \$1,078 of pretax derivative losses from such hedges were recorded as an adjustment to interest expense. At December 29, 2002, 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 losses on these contracts recorded in OCI at December 29, 2002 was an after-tax loss of \$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 period ended December 29, 2002, \$11 of pretax derivative losses were recorded as an adjustment to earnings for forward and swap contracts settled at maturity. At December 29, 2002, the Company had no foreign exchange derivative contracts outstanding.

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 period ended December 29, 2002, no such foreign exchange derivative activity occurred. At December 29, 2002, 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 period ended December 29, 2002, \$218 of pretax derivative losses were recorded as an adjustment to cost of sales for swap contracts settled at maturity. At December 29, 2002, the Company had a series of swap contracts outstanding through December 2003 with a contract value of \$5,913. The derivative net losses on these contracts recorded in OCI at December 29, 2002 was an after-tax loss of \$217.

## 2 INVENTORIES

Inventories consist of the following:

	DECEMBER 29, 2002 -----	SEPTEMBER 30, 2002 -----
Raw material.....	\$42,231	\$19,893
Work-in-process.....	22,404	19,004
Finished goods.....	78,371	45,378
	-----	-----
	\$143,006	\$84,275
	=====	=====

## 3 ACQUIRED INTANGIBLE ASSETS AND GOODWILL

	DECEMBER 29, 2002 -----			SEPTEMBER 30, 2002 -----		
	GROSS CARRYING AMOUNT -----	ACCUMULATED AMORTIZATION -----	NET INTANGIBLE -----	GROSS CARRYING AMOUNT -----	ACCUMULATED AMORTIZATION -----	NET INTANGIBLE -----
<b>AMORTIZED INTANGIBLE ASSETS</b>						
Non-compete agreement.....	\$ 700	\$ 665	\$ 35	\$ 700	\$ 630	\$ 70
Proprietary technology.....	525	316	209	525	308	217
	-----	-----	-----	-----	-----	-----
	\$ 1,225	\$ 981	\$ 244	\$ 1,225	\$ 938	\$ 287
	=====	=====	=====	=====	=====	=====
<b>PENSION INTANGIBLES</b>						
Under-funded pension.....	\$ 2,744	\$ --	\$ 2,744	\$ 3,446	\$ --	\$ 3,446
	-----	-----	-----	-----	-----	-----
<b>UNAMORTIZED INTANGIBLE ASSETS</b>						
Trade names.....	\$240,782	\$ 4,875	\$235,907	\$ 90,000	\$ 4,875	\$ 85,125
	-----	-----	-----	-----	-----	-----

GOODWILL	NORTH AMERICA -----	LATIN AMERICA -----	EUROPE/ROW -----	TOTAL -----
Balance as of October 1, 2002, net.....	\$1,035	\$ 26,884	\$2,648	\$ 30,567
Goodwill acquired during year.....	653	5,831	46,806	53,290
Effect of translation.....	--	(169)	1,568	1,399
	-----	-----	-----	-----
Balance as of December 29, 2002, net.....	\$ 1,688	\$ 32,546	\$51,022	\$85,256
	=====	=====	=====	=====

The non-compete agreement is being amortized on a straight-line basis over 5 years. The proprietary technology assets are being amortized on a straight-line basis over 15 to 17 years. The Company has deemed that its trade name intangible assets have indefinite lives because they are expected to generate cash flows indefinitely. Goodwill and intangible assets deemed to have indefinite lives are tested for impairment annually.

The amortization expense for the three months ended December 29, 2002 and December 30, 2001 are as follows:

	THREE MONTHS	
AMORTIZATION EXPENSE	2003	2002
	-----	-----
Non-compete and proprietary technology.....	\$43	\$43
	===	===



4 OTHER COMPREHENSIVE INCOME

Comprehensive income and the components of other comprehensive income for the three months ended December 29, 2002 and December 30, 2001 are as follows:

	THREE MONTHS	
	----- 2003 -----	----- 2002 -----
Net (loss) income.....	\$(585)	\$402
Other comprehensive income:		
Foreign currency translation.....	3,373	380
Net unrealized loss on available for-sale securities.....	(110)	(99)
Reclassification adjustment for losses included in net (loss) income.....	250	--
Net unrealized (loss) gain on derivative instruments.....	(706)	1,297
Comprehensive income.....	<u>\$2,222</u> =====	<u>\$1,980</u> =====

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 29, 2002 was primarily attributable to the impact of translation of assets and liabilities of our recently acquired European operations.

5 NET INCOME PER COMMON SHARE

Net income per common share for the three months ended December 29, 2002 and December 30, 2001 is calculated based upon the following shares:

	THREE MONTHS	
	----- 2003 -----	----- 2002 -----
Basic.....	31,801	31,780
Effect of restricted stock and assumed conversion of options.....	--	632
Diluted.....	<u>31,801</u> =====	<u>32,412</u> =====

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

6 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 \$1,764, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, liquidity, or cash flow of the Company.

During 2002, the Company entered into a long-term lease for a facility being built in Dixon, Illinois (see Footnote 7, Other). The Company anticipates that construction will be completed and the lease payments will be fixed for this facility during the second fiscal quarter of 2003.

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. In the opinion of management, it is either not likely or premature to determine whether such contingent liabilities will have a material adverse effect on the financial condition, liquidity or cash flow of the Company. The suit filed against the Company by Eveready Battery Company has been settled, and the impact of such settlement is included in results of operations for the three months ended December 29, 2002.

7 OTHER

During Fiscal 2001, the Company recorded special charges related to: (i) an organizational restructuring in the U.S, (ii) manufacturing and distribution cost rationalization initiatives in the Company's Tegucigalpa, Honduras and Mexico City, Mexico manufacturing facilities and in the Company's European operations, (iii) the closure of the Company's Wonewoc, Wisconsin, manufacturing facility, (iv) the rationalization of uneconomic manufacturing processes at the Company's Fennimore, Wisconsin, manufacturing facility, and rationalization of packaging operations and product lines, and (v) costs associated with the Company's June 2001 secondary offering. The amount recorded includes \$9,100 of employee termination benefits for approximately 570 notified employees, \$9,900 of equipment, inventory, and other asset write-offs, and \$2,000 of other expenses. A summary of the 2001 restructuring activities follows:

2001 RESTRUCTURING SUMMARY

	TERMINATION BENEFITS	OTHER COSTS	TOTAL
Expense accrued.....	\$5,000	\$11,000	\$16,000
Change in estimate.....	4,400	100	4,500
Expense as incurred.....	700	1,100	1,800
Cash expenditures.....	(5,800)	(1,300)	(7,100)
Non-cash charges.....	--	(9,300)	(9,300)
	-----	-----	-----
Balance September 30, 2001.....	\$4,300	\$1,600	\$5,900
Change in estimate.....	(1,000)	(300)	(1,300)
Cash expenditures.....	(3,100)	--	(3,100)
Non-cash charges.....	--	(700)	(700)
	-----	-----	-----
Balance September 30, 2002.....	\$200	\$600	\$800
Cash expenditures.....	--	(100)	(100)
	-----	-----	-----
Balance December 29, 2002.....	\$200	\$500	\$700
	=====	=====	=====

During Fiscal 2002, the Company recorded special charges related to: (i) the closure of the Company's Santo Domingo, Dominican Republic plant, and (ii) manufacturing cost rationalization initiatives in the Company's Mexico City, Mexico facility. The amount recorded includes approximately \$1,200 of employee termination benefits for approximately 115 notified employees, and approximately \$900 of equipment, inventory and other asset write-offs, and \$300 of other expenses. A summary of the 2002 restructuring activities follows:

2002 RESTRUCTURING SUMMARY

	TERMINATION BENEFITS	OTHER COSTS	TOTAL
Expense accrued.....	\$1,200	\$1,400	\$2,600
Change in estimate.....	--	(400)	(400)
Expense as incurred.....	--	200	200
Cash expenditures.....	(1,100)	(200)	(1,300)
Non-cash charges.....	--	(1,000)	(1,000)
	-----	-----	-----
Balance September 30, 2002.....	\$100	\$--	\$100
Cash expenditures.....	(100)	--	(100)
	-----	-----	-----
Balance December 29, 2002.....	\$--	\$--	\$--
	=====	=====	=====

During the three months ended December 29, 2002, the Company recorded special charges 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, (ii) the commencement of 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, and (iii) a series of restructuring initiatives impacting the Company's sales, marketing, operations and administrative functions in Europe, North America, and Latin America. The Company anticipates the move to the new combined distribution and packaging facility will occur in the third quarter of Fiscal 2003 and the closure of the Madison, Wisconsin and Middleton, Wisconsin facilities will be completed during the fourth quarter of Fiscal 2003. The sales, marketing, operations and administrative restructuring initiatives are anticipated to be substantially complete by the end of the fourth quarter of Fiscal 2003.

The amount recorded includes approximately \$6,200 of employee termination benefits for approximately 600 notified employees, and approximately \$7,800 of equipment, inventory and other asset write-offs primarily reflecting the abandonment of equipment and inventory associated with the closure of the Mexico plant and commencement of the closure of the Company's Wisconsin packaging and distribution locations, and \$1,400 of other expenses. A summary of the 2003 restructuring activities follows:

2003 RESTRUCTURING SUMMARY

	TERMINATION BENEFITS	OTHER COSTS	TOTAL
Expense accrued.....	\$6,200	\$9,000	\$15,200
Expense as incurred.....	--	200	200
Cash expenditures.....	(2,300)	(200)	(2,500)
Non-cash charges.....	--	(5,600)	(5,600)
	-----	-----	-----
Balance December 29, 2002.....	\$3,900	\$3,400	\$7,300
	=====	=====	=====

8 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.

Net sales and cost of sales to other segments have been eliminated. The



is included in the segment selling the product to the external customer. Segment revenues are based upon the geographic area in which the product is sold.

The reportable segment profits do not include interest expense, interest income, and income tax expense. Also, not included in the reportable segments, are corporate expenses including corporate purchasing expense, general and administrative expense and research and development expense. All depreciation and amortization included in income from operations is related to corporate or reportable segments. 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 benefits, investments, long-term intercompany receivables, most deferred charges, and miscellaneous assets. Capital expenditures are related to reportable segments or corporate. Variable allocations of assets are not made for segment reporting.

Segment information for the three months ended December 29, 2002 and December 30, 2001 is as follows:

REVENUES FROM EXTERNAL CUSTOMERS	THREE MONTHS	
	2003	2002
North America.....	\$107,145	\$122,365
Latin America.....	34,444	25,989
Europe/ROW.....	118,633	13,529
Total segments.....	\$260,222	\$161,883

INTER SEGMENT REVENUES	THREE MONTHS	
	2003	2002
North America.....	\$7,732	\$10,177
Latin America.....	--	1,777
Europe/ROW.....	631	442
Total segments.....	\$8,363	\$12,396

SEGMENT PROFIT	THREE MONTHS	
	2003	2002
North America.....	\$19,705	\$7,355
Latin America.....	3,567	3,642
Europe/ROW.....	15,011	1,144
Total segments.....	38,283	12,141
Corporate.....	12,350	8,601
Special charges.....	15,390	--
Interest expense.....	10,102	4,169
Non-operating expense.....	3,072	--
Other income, net.....	(1,687)	(782)
(Loss) income before income taxes.....	\$(944)	\$153

SEGMENT ASSETS	DECEMBER 29, 2002	DECEMBER 30, 2001
	-----	-----
North America.....	\$223,655	\$249,547
Latin America.....	207,508	212,265
Europe/ROW.....	461,980	30,488
Total segments.....	\$893,143	\$492,300
Corporate.....	99,024	55,927
Total assets at period end.....	\$992,167	\$548,227



## ACQUISITIONS

On October 1, 2002, the Company acquired the consumer battery business of VARTA AG (VARTA) for approximately \$262 million Euro. As a result of the acquisition, the Company plans to optimize the global resources of the combined Rayovac and VARTA companies through the utilization of economies of scale and other initiatives (See 2003 Restructuring Summary within Footnote 7).

The results of VARTA's operations, since the acquisition on October 1, 2002, are included in the condensed consolidated financial statements for Fiscal 2003. The Company has not yet finalized the purchase price allocation for the acquisition.

In connection with the acquisition, the Company entered into an Amended and Restated Credit Agreement ("Third Restated Agreement") which replaced the previous credit agreement. The Third Restated Agreement provided for senior bank facilities, including term and revolving credit facilities in an initial aggregate amount (assuming an exchange rate of Euro to Dollar of 1 to 1) of approximately \$625 million. The Third Restated Agreement includes a \$100 million seven-year revolving credit facility, a EUR 50 million seven-year revolving facility, a \$300 million seven-year amortizing term loan, a EUR 125 million seven-year amortizing term loan and a EUR 50 million six-year amortizing term loan. The U.S. Dollar revolving credit facility may be increased, at the Company's option, by up to \$50 million. A non-operating charge of \$3,072 was recorded in the three month period ended December 29, 2002 for the write-off of unamortized debt fees related to the previous debt agreement.

SUPPLEMENTAL PRO FORMA INFORMATION: The following reflects the Company's proforma results had the results of the VARTA business been included in the Fiscal 2002 three months.

	THREE MONTHS	
	2003	2002
	----	----
NET SALES		
Reported net sales.....	\$260,222	\$161,883
Pro forma adjustments.....	--	110,370
	-----	-----
Pro forma net sales.....	\$260,222	\$272,253
	=====	=====
NET (LOSS) INCOME		
Reported net (loss) income.....	\$(585)	\$402
Pro forma adjustments.....	--	4,394
	-----	-----
Pro forma net (loss) income.....	\$(585)	\$4,796
	=====	=====
BASIC EARNINGS PER SHARE		
Reported net (loss) income.....	\$(0.02)	\$0.01
Pro forma adjustments.....	--	0.14
	-----	-----
Pro forma net (loss) income.....	\$(0.02)	\$0.15
	=====	=====
DILUTED EARNINGS PER SHARE		
Reported net (loss) income.....	\$(0.02)	\$0.01
Pro forma adjustments.....	--	0.14
	-----	-----
Pro forma net (loss) income.....	\$(0.02)	\$0.15
	=====	=====

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1+++	Joint Venture Agreement dated July 28, 2002, by and among the Company, VARTA and ROV German Limited GmbH, as amended.
3.1+	Amended and Restated Articles of Incorporation of the Company.
3.2++++	Amended and Restated By-laws of the Company, as amended through July 24, 2002.
4.1*	Specimen certificate representing the Common Stock.
10.1	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and David A. Jones.
10.2++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Kent J. Hussey.
10.3++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Kenneth V. Biller.
10.4++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Stephen P. Shanesy.
10.5++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Merrell M. Tomlin.
10.6++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Luis A. Cancio.
10.7++++	Amended and Restated Employment Agreement, dated as of October 1, 2002, by and between the Company and Dr. Paul G. Cheeseman.
10.8++++	Employment Agreement, dated as of August 19, 2002, by and between the Company and Randall J. Steward.
10.9++++	Registered Director's Agreement, effective as of October 1, 2002, by and between ROV German Holding GmbH and Remy Burel.
10.10**	Technology, License and Service Agreement between Battery Technologies (International) Limited and the Company, dated June 1, 1991, as amended April 19, 1993, and December 31, 1995.
10.11**	Building Lease between the Company and SPG Partners dated May 14, 1985, as amended June 24, 1986, and June 10, 1987.
10.12****	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.
10.13++++	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.
10.14++++	Real Estate Lease, dated September 1, 2001, by and between VARTA Geratebatterie GmbH, as Tenant, and Paula Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG, as Landlord, as amended.
10.15++++	Real Property Leasing Agreement, dated December 21, 2000, by and between VARTA Geratebatterie GmbH, as Tenant, and ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. object Dischingin KG, as Landlord, as amended.
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.
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.
10.18***	Rayovac Corporation 1996 Stock Option Plan.
10.19*	1997 Rayovac Incentive Plan.
10.20*	Rayovac Profit Sharing and Savings Plan.
10.21++++	Rayovac Corporation Supplemental Executive Retirement Plan.



- 10.22+++++ Rayovac Corporation Deferred Compensation Plan, as amended.  
10.23++ 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.  
21+++++ Subsidiaries of the Company.  
99.1 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.  
99.2 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.

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

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

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

\*\*\*\* Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 3, 1999, filed with the Commission on February 17, 1999.

+ Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1997, filed with the Commission on December 23, 1997.

++ Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 28, 1998, filed with the Commission on May 5, 1998.

+++ Incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on October 16, 2002.

++++ Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Commission on December 16, 2002.

+++++ Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the Commission on February 12, 2003.

(b) REPORTS ON FORM 8-K. The Company filed one report on Form 8-K during the three-month period ended December 29, 2002. The report on Form 8-K was dated October 1, 2002, filed on October 16, 2002 and amended on December 16, 2002. The Form 8-K reported the acquisition of substantially all of the consumer battery business of VARTA AG ("VARTA") and the amended Form 8-K contained the audited financial statements of VARTA and certain unaudited pro forma financial information of the Company.

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: May 2, 2003

RAYOVAC CORPORATION

/s/ Randall J. Steward

-----  
Randall J. Steward  
Executive Vice President and  
and Chief Financial Officer

EXHIBIT INDEX

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CERTIFICATIONS

I, David A. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Rayovac Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 2, 2003

/s/ David A. Jones

-----  
David A. Jones  
Chief Executive Officer

I, Randall J. Steward, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Rayovac Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 2, 2003

/s/ Randall J. Steward  
-----  
Randall J. Steward  
Chief Financial Officer

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT is entered into as of the 1st day of October, 2002 ("Effective Date"), by and between Rayovac Corporation, a Wisconsin corporation (the "Company"), and David A. Jones (the "Executive").

WHEREAS, the Executive and the Company were parties to an Employment Agreement dated September 12, 1996, with respect to the employment of the Executive by the Company (the "1996 Agreement"); and

WHEREAS, the Executive and the Company modified the terms of Executive's employment with the Company by entering into an Amended and Restated Employment Agreement dated April 27, 1998 (the "1998 Agreement"), and again on October 1, 2000 (the "2000 Agreement"), and the parties wish to amend and restate the provisions of the 2000 Agreement as set forth herein; and

WHEREAS, the Company desires the benefit of the experience, supervision and services of the Executive and desires to employ the Executive upon the terms and conditions set forth herein; and

WHEREAS, 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, as the Chairman of the Board of Directors and Chief Executive Officer of the Company, reporting directly to the Board of Directors of the Company (the "Board"). In connection therewith, as Chairman of the Board and Chief Executive Officer, the Executive shall oversee and direct the operations of the Company and perform such other duties consistent with the responsibilities of Chairman of the Board and Chief Executive Officer, all subject to the direction and control of the Board. During the Term (as defined below), the Executive shall devote substantial time to such employment which will be his primary business activity.
2. **TERM OF EMPLOYMENT.** Subject to Section 4 hereof, the Executive's employment and appointment hereunder shall be for a term commencing on the date hereof and expiring on September 30, 2005 (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) **BASE SALARY.** The Executive shall receive a base salary equal to Seven Hundred Thousand Dollars (\$700,000) per annum effective October 1, 2002 for the duration of the Term except as set forth in Section 3(n) below, ("Base Salary"), which Base Salary shall be paid in equal monthly installments each year, to be paid monthly in arrears. 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. Any such increased Base Salary shall be and become the "Base Salary" for purposes of this Agreement.
  - (b) **BONUS.** The Executive shall receive a bonus for each fiscal year ending during the Term, payable annually in arrears, which shall be based on 100% of Base Salary except as set forth in Section 3(n) below, provided the Company achieves certain annual performance goals established by the Board from time to time (the "Bonus"). The Board may, in its discretion, increase the annual Bonus. Any such increased annual Bonus shall be and become the "Bonus" for such fiscal year for purposes of this Agreement.
  - (c) **ADDITIONAL SALARY.** In addition to the compensation described above,
    - (i) so long as the promissory note (the "Note") of the Executive attached hereto as EXHIBIT A, and as previously extended, is not due and payable in full, the Executive shall receive additional compensation at an initial rate of Thirty-five Thousand Dollars (\$35,000) per annum during the Term, payable (A) at the time the Bonus is payable hereunder, (B) if no Bonus is payable hereunder, at the time the Board determines that no Bonus is payable hereunder or (C) if payment of principal of and interest on the Note is accelerated, at the time of the Executive's payment in full of the Note; provided, however, that to the extent the Note is prepaid, the rate set forth above shall be decreased by the amount by which interest on the Note has been reduced as a result of such prepayment and (ii) the Executive shall also receive an additional \$18,500 per annum during the Term, payable at the time the first monthly installment of Base Salary is payable hereunder and on each anniversary thereafter (all such

payments set forth in clauses (i) and (ii) above are referred to herein as the "Additional Salary").

2

- (d) INSURANCE COVERAGES AND PENSION PLANS. The Executive shall be entitled to such insurance, pension and all other benefits as are generally made available by the Company to its executive officers from time to time.
- (e) EXISTING STOCK OPTIONS AND RESTRICTED STOCK AWARDS. All stock options and restricted stock awards previously granted to the Executive shall remain in full force and effect in accordance with their terms. If the Company implements a new stock option program in the future, the Executive may participate to the extent authorized by the Board.
- (f) NEW STOCK OPTIONS. The Company shall Grant to Executive 175,000 new Stock Options ("New Options") under The 1997 Rayovac Incentive Plan ("1997 Plan"). The grant date of such New Options shall be the Effective Date and such New Options shall have an exercise price equal to the opening price on the New York Stock Exchange as of such date. Fifty Percent (50%) of New Options shall be Time-Vesting Options and Fifty Percent (50%) shall be Performance-Vesting Options. Time-Vesting Options shall vest 1/3 October 1, 2003, 1/3 October 1, 2004 and 1/3 October 1, 2005. Subject to the Company meeting performance goals established by the Board, the Performance-Vesting Options shall vest 1/3 October 1, 2003, 1/3 October 1, 2004 and 1/3 October 1, 2005. The terms and conditions of such New Options shall be substantially similar to the terms and conditions of previous option grants.
- (g) NEW RESTRICTED STOCK AWARD. The Company also grants Executive additional restricted shares of the Company's common stock as follows. On October 1, 2002, Executive shall be awarded that number of shares of the Company's common stock equal in value to \$1,400,000 provided, however, that such award of stock shall include a restriction prohibiting the sale, transfer, pledge, assignment or other encumbrance prior to the earlier of October 1, 2005 or a change in control of the Company (as defined in the 1997 Plan) ("Change in Control"), and, provided further, that such restricted stock shall be forfeited to the Company in the event the Executive's employment with the Company terminates prior to the earlier of October 1, 2005 or a Change in Control of the Company for any reason other than (i) termination by the Company without cause, or (ii) termination due to death or disability. The terms and conditions of such new restricted stock awards shall be substantially similar to the terms and conditions of previous restricted stock award grants.
- (h) VACATION. The Executive shall be entitled to four (4) weeks vacation each year.
- (i) HOUSING AND OTHER EXPENSES. The Executive shall be entitled to reimbursement of all reasonable and documented expenses actually

3

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. In addition, the Company will reimburse the Executive for expenses associated with reasonable travel to and from Atlanta, Georgia and Naples, Florida, and will pay or reimburse the Executive for the reasonable expenses associated with providing the Executive with the use of a suitable home purchased by the Company in the Madison, Wisconsin area, other than utilities and maintenance. All expense reimbursements and other perquisites of the Executive are reviewable periodically by the Compensation Committee of the Board, if there be one, or the Board.

- (j) AUTOMOBILE. The Company shall provide the Executive with the use of a leased automobile suitable for a chief executive officer of a company similar to the Company.
- (k) D&O INSURANCE. The Executive shall be entitled to indemnification from the Company to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by the Executive, unless authorized or ratified by the Board. Such indemnification shall be covered by the terms of the Company's policy of insurance for directors and officers in effect from time to time (the "D&O Insurance"). Copies of the Company's charter, by-laws and D&O Insurance will be made available to the Executive upon request.
- (l) LEGAL FEES. The Company shall pay the Executive's actual and reasonable legal fees incurred in connection with the preparation of this Agreement.
- (m) RETENTION BONUSES; HOUSE SALE.
  - (i) As set forth in the 2000 Agreement, on the earlier of September 30, 2003 or a Change in Control, the Company shall pay the Executive an additional amount of Four Hundred Thousand Dollars



(\$400,000). In addition, if the Company does not terminate the Executive's employment hereunder pursuant to Section 4(a) and the Executive does not terminate his employment hereunder pursuant to Section 4(d) (other than following a Change in Control), then on October 1, 2005, Company shall pay the Executive Two Million Two Hundred Thousand Dollars (\$2,200,000).

4

- (ii) If the Company does not terminate the Executive's employment hereunder pursuant to Section 4(a) and the Executive does not terminate his employment hereunder pursuant to Section 4(d) (other than following a Change in Control, then at any time after the earlier of April 30, 2003 or the date on which the Executive's employment is terminated, at the option of and upon the request of the Executive or his estate, the Company shall sell to the Executive or his estate fee simple title to the home purchased by the Company for the use of the Executive, free and clear of all liens and encumbrances arising after the date of the Company's acquisition of the home and not created by the Executive, other than liens or encumbrances that do not materially affect the use or value thereof; the purchase price shall be One Dollar (\$1.00).
- (n) **OPTION TO RELINQUISH CHIEF EXECUTIVE OFFICER POSITION.** Notwithstanding anything else in this Agreement to the contrary, Executive may at his discretion relinquish his role as Chief Executive Officer effective October 1, 2004 and remain as an employee of the Company and, as may be permitted under law and the Company's bylaws, as Chairman of the Board of Directors of the Company until September 30, 2005. Should Executive exercise such option, his annual Base Salary during this third year of his Agreement shall be Five Hundred Thousand Dollars (\$500,000) and his Bonus shall be based on 75% of this Base Salary, and all other terms and conditions of this Agreement shall continue to apply.

#### 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 act 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 Board, provided such failure or refusal continues after thirty (30) days of the receipt of notice in writing from 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
  - (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 the Executive's time-based or performance-based stock option agreements (collectively the "Stock Option Agreements"), or any agreements referred to therein, 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 without prior 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). 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

6

(60) days prior written notice to the Company, or upon thirty (30) days prior written notice after a Change in Control. Any such termination shall be treated as a termination by the Company for "Cause" under Section 5, unless notice of such termination was given within thirty (30) days after a Change in Control, in which case such termination shall be treated in accordance with Section 5(d) hereof.

- (e) CONSTRUCTIVE TERMINATION BY THE EXECUTIVE. The Executive shall be entitled to terminate his employment and appointment hereunder, without prior notice, upon the occurrence of a Constructive Termination. Any such termination shall be treated as a termination by the Company without Cause. For this purpose, a "Constructive Termination" shall mean:
  - (i) a reduction in Base Salary or Additional Salary (other than as permitted hereby);
  - (ii) a reduction in annual Bonus opportunity;
  - (iii) a change in location of office of more than seventy-five (75) miles from Madison, Wisconsin;
  - (iv) unless with the express written consent of the Executive, (a) the assignment to the Executive of any duties inconsistent in any substantial respect with the Executive's position, authority or responsibilities as contemplated by Section 1 of this Agreement or (b) any other substantial change in such position, including titles, authority or responsibilities from those contemplated by Section 1 of the Agreement; or
  - (v) any material reduction in any of the benefits described in Section 3(h), (i), (j) or (k) hereof.

For purposes of the Stock Option Agreements, Constructive Termination shall be treated as a termination of employment by the Company without "Cause."

- (f) NOTICE OF TERMINATION. Any termination by the Company for Cause or by the Executive for Constructive Termination 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

7

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 any party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Constructive Termination shall not waive any right of such party hereunder or preclude such party 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) DEATH OR DISABILITY. If the Executive's employment is terminated by the death or disability of the Executive (pursuant to Section 4(b)), the Executive's compensation provided in Section 3 shall be paid to the Executive or, in the event of the death of the Executive, the Executive's estate, as follows:
  - (i) the Executive's Base Salary specified in Section 3(a) shall continue to be paid in monthly installments until the first to occur of (i) twenty-four (24) months following such termination or (ii) such time as the Executive or the Executive's estate breaches the provisions of Sections 6 or 7 of this Agreement;

- (ii) double the PRO RATA portion (based on days worked and percentage of achievement of annual performance goals) of the annual Bonus payable to the Executive, if any, specified in Section 3(b) shall be paid, unless the Board determines to pay a greater amount in its sole discretion;
- (iii) the Executive's Additional Salary (or, for any partial year, the pro rata portion thereof) specified in Section 3(c) shall continue to be paid until the first to occur of (i) the remaining period of the Term or (ii) such time as the Executive or the Executive's estate breaches the provisions of Sections 6 or 7 of this Agreement;

8

- (iv) If the Executive's employment is terminated as a result of disability, the Executive's additional benefits specified in Section 3(d) shall continue to be available to the Executive until the first to occur of (i) the remaining period of the Term (or twenty-four (24) months following such termination, if greater) or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement; and
  - (v) the Executive's accrued vacation (determined in accordance with Company policy) at the time of termination shall be paid as soon as reasonably practicable.
- (c) WITHOUT CAUSE. If the Executive's employment is terminated by the Company without Cause (pursuant to Section 4(c) or 4(e)), the Executive's compensation provided in Section 3 shall be paid as follows:
- (i) the Executive's Base Salary specified in Section 3(a) shall continue to be paid in monthly installments until the first to occur of (i) the remaining period of the Term (or twenty-four (24) months following such termination, if greater) or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement;
  - (ii) the Executive's annual Bonus shall continue to be paid in accordance with this Section 5(c) at the times set forth in Section 3(b) until the first to occur of (i) the remaining period of the Term (or twenty-four (24) months following such termination, if greater) or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement. The annual Bonus payable pursuant to this Section 5(c) shall equal the amount of the annual Bonus (if any) previously paid or required to be paid pursuant to this Agreement for the full fiscal year immediately prior to the Executive's termination of employment;
  - (iii) the Executive's Additional Salary (or, for any partial year, the pro rata portion thereof) specified in Section 3(c) shall continue to be paid until the first to occur of (i) the remaining period of the Term (or twenty-four (24) months following such termination, if longer) or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement; and
  - (iv) the Executive's additional benefits specified in Section 3(d) shall continue to be available to the Executive until the first to

9

occur of (i) twenty-four (24) months following such termination or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement.

- (d) FOLLOWING CHANGE IN CONTROL. If the Executive elects to terminate his employment within thirty (30) days following a Change in Control in accordance with Section 4(d), such termination by the Executive shall be treated as a termination by the Company without Cause, and the Executive shall be entitled to the compensation provided in Section 5(c); provided, however, that Executive's Base Salary, annual Bonus, Additional Salary and Section 3(d) additional benefits shall continue to be paid only until the first to occur of (i) the remaining period of the Term (or twelve (12) months following the expiration of the Post-Term Period (as defined below)) or (ii) such time as the Executive breaches the provisions of Sections 6 or 7 of this Agreement. In no event, however, shall Executive receive less than twelve (12) months Base Salary and annual Bonus following the expiration of the Post-Term Period. Notwithstanding the foregoing, the Company may require that the Executive continue to remain in the employ of the Company for up to a maximum of thirty (30) days following the Change in Control (the "Post-Term Period"). The Company shall place the maximum cash payments payable pursuant to Section 5(c) in escrow with a commercial bank or trust company mutually acceptable to the Company and the Executive as soon as practicable following the Change in Control. For the Post-Term Period, the Company shall make

the cash payments that would otherwise be required pursuant to Section 3 (all such cash payments to be deducted from the amount placed in escrow). At the expiration of the Post-Term Period, the Executive shall receive all cash amounts due the Executive from the remaining amount held in escrow ratably monthly over the Non-Competition Period (as defined below), with the balance (if any) returned to the Company. If the Company does not require that the Executive remain in the employ of the Company, the Company shall pay the Executive all cash amounts payable pursuant to Section 5(c) ratably monthly over the Non-Competition Period (all such cash payments to be deducted from the amount placed in escrow) with the balance (if any) returned to the Company.

The Executive shall not be required to mitigate the amount of any payment provided for herein by seeking other employment or otherwise, and if the Executive does obtain other employment, all amounts payable by the Company under this Agreement shall remain fully due and payable.

10

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 which is involved in the design, manufacturing, marketing or sale of batteries or battery operated lighting devices (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market). The "Non-Competition Period" is (a) the longer of the Executive's employment hereunder or time period which he serves as a director of the Company plus (b) 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 that satisfy the same general needs as any products that the Company had available for sale to its customers or prospects during the Non-Competition Period.
- (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 Non-Competition Period. During the Non-Competition Period, the Executive shall not hire any employee of Company for any other business.
- (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 revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law.
- (e) For purposes of this Section 6 and Section 7, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company.

11

7. SECRET PROCESSES AND CONFIDENTIAL INFORMATION.

- (a) The Executive agrees to hold in strict confidence and, except as the Company may authorize or direct, not disclose to any person or use (except in the performance of his services hereunder) any confidential information or materials received by the Executive from the Company and any confidential information or materials of other parties received by the Executive in connection with the performance of his duties hereunder. For purposes of this Section 7(a), confidential information or materials shall include existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques and business ideas or practices. The restriction on the Executive's use or disclosure of the confidential information or materials shall remain in force until such information is of general knowledge in the industry through no fault of the Executive or any agent of the Executive. The Executive also agrees to return to the Company promptly upon its request any Company information or materials in the Executive's possession or under the Executive's control.
- (b) 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, 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.

- (c) Upon the request of, and, in any event, upon termination of the Executive's employment with the Company, the Executive shall promptly deliver to the Company all documents, data, records, notes, drawings, manuals and all other tangible information in

12

whatever form which pertains to the Company, and the Executive will not retain any such information or any reproduction or excerpt thereof.

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 or telex, (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:

- (a) For notices and communications to the Company:

Rayovac Corporation  
601 Rayovac Drive  
Madison, WI 53711  
Facsimile: (608) 278-6666  
Attention: Board of Directors

with a copy to:

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

- (b) For notices and communications to the Executive:

David A. Jones  
7881 Via Vecchia  
Naples, Florida 34108

with a copy to:

Sutherland, Asbill & Brennan LLP  
999 Peachtree Street, N.E.  
Atlanta, GA 30309  
Facsimile: (404) 853-8806  
Attention: Mark D. Kaufman, Esq.

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

13

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.
- (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) ATTORNEYS' FEES. In the event that any action is brought to enforce any of the provisions of this Agreement, or to obtain money damages for the breach thereof, and such action results in the award of a judgment for money damages or in the granting of any injunction in favor of one of the parties to this Agreement, all expenses, including reasonable attorneys' fees, shall be paid by the non-prevailing party.
- (f) 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

14

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.

- (g) 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. In the event that the Executive shall give a Notice of Termination for Constructive Termination and it shall thereafter be determined that Constructive Termination did not take place, the employment of the Executive shall, unless the Corporation and the Executive shall otherwise mutually agree, be deemed to have terminated, at the date of giving such purported Notice of Termination, and the Executive shall be entitled to receive only those payments and benefits which he would have been entitled to receive at such date had he terminated his employment voluntarily at such date under Section 4(d) of this Agreement.
- (h) 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.
- (i) ENTIRE AGREEMENT. This Agreement and the exhibit 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.

15

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

RAYOVAC CORPORATION

By /s/ Kent J. Hussey  
-----  
Kent J. Hussey  
President and Chief Operating Officer

EXECUTIVE:

/s/ David A. Jones  
-----  
David A. Jones

16

EXHIBIT A

RAYOVAC CORPORATION

\$500,000

Madison, Wisconsin  
September 12, 1996

FOR VALUE RECEIVED, the undersigned, David A. Jones (the "Borrower"), residing at 2910 Coles Way, Atlanta, GA 30350 HEREBY PROMISES TO PAY to the order of Rayovac Corporation, a Wisconsin corporation (the "Company"), having a principal address at 601 Rayovac Drive, Madison, WI 53711, or to the legal holder of this Note at the time of payment, the principal sum of \$500,000, in accordance herewith, plus simple interest thereon at a rate of 7% per annum. The principal amount of this Note shall be due and payable on the Maturity Date (as defined below) and the interest on this Note shall be paid in five (5) annual installments of \$35,000 on each successive Payment Date (as defined below).

This Note is being delivered to the Company in consideration for a loan of even date herewith to enable the Borrower to acquire 227,894 shares (the "Shares") of common stock, \$.01 par value per share, of the Company in connection with the recapitalization of the Company pursuant to the Stock Purchase and Redemption Agreement dated this date.

The Borrower and the Company are parties to an Employment Agreement, dated this date (the "Employment Agreement"), which sets forth the terms of Borrower's employment with the Company as Chairman of the Board of Directors, President and Chief Executive Officer of the Company.

This Note is subject to the following further terms and conditions:

1. PAYMENT DATES AND MATURITY DATE. Payments of interest on this Note as set forth above shall be paid at such time as Additional Salary (as defined in the Employment Agreement) set forth in Section 3 (c) (i) of the Employment Agreement is due and payable by the Company to the Borrower pursuant to the terms of the Employment Agreement (each such date referred to herein as a "Payment Date"). Payment of principal on this Note as set forth above shall be paid on the fifth Payment Date (the "Maturity Date").

2. METHOD OF PAYMENT. All payments of principal, interest and other amounts owing hereunder shall be made, without setoff, deduction or counterclaim, in funds which are available on the Payment Date (including the Maturity Date) to the Company at the Company's principal address set forth herein, or to such other person and at such other place specified in writing by the Company to the Borrower, by 12:00 noon (local time) on the date when due. The Borrower may, at his option, prepay this Note in whole or in part at any time or from time to time without penalty or premium. Any prepayment of any portion of

the principal portion of this Note shall be accompanied by payment of all interest accrued but unpaid hereunder. Upon full and final payment of the principal amount of and interest accrued on this Note, it shall be surrendered to the Borrower and cancelled by the Company.

3. LOAN PROCEEDS. The Borrower hereby irrevocably directs the Company to disburse the proceeds of this Note directly to the Company for the account of the Borrower in payment (whether in whole or in part) of the Shares and agrees that any funds so disbursed (regardless of how applied by the Company) shall be considered received by the Borrower upon the receipt of such funds by the Company.

4. EVENTS OF ACCELERATION.

(a) Upon the occurrence of any of the following events ("Events of Acceleration"):

(i) the failure to pay the principal of and interest under this Note when due if such failure is not remedied within ten (10) days after written notice thereof to the Borrower from the holder of this Note;

(ii) the Borrower is terminated by the Company for Cause (as defined in the Employment Agreement) pursuant to Section 4 (a) of the Employment Agreement;

(iii) the Borrower terminates his employment with the Company (other than pursuant to Section 4 (e) of the Employment Agreement) and the Borrower is no longer a director of the Company; or

(iv) the Borrower sells or otherwise disposes for value any of the Shares, unless the Borrower uses the proceeds from such sale or other disposition (net of brokers' commissions) to immediately prepay in whole or in part the principal amount of this Note outstanding and any accrued and unpaid interest on the portion prepaid;

the holder of this Note may declare, by notice of acceleration given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and any accrued and unpaid interest hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. Upon the occurrence of an Event of Acceleration, the accrued and unpaid interest hereunder shall thereafter bear the same rate of interest as on the principal hereunder, but in no event shall such interest be charged which would violate any applicable usury law. If an Event of Acceleration shall occur hereunder, the

Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

(b) No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercises thereof or the exercise of any other right or remedy.

5. AMENDMENTS. This Note may be amended if in writing and signed by the Borrower and the Company.

6. HEADINGS. The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

7. BENEFITS OF THIS AGREEMENT. This Note shall be binding upon the Borrower and the Borrower's personal representatives, heirs and assigns and shall not be construed so as to confer any right or benefit upon any person other than the Borrower and his or her personal representatives, heirs and assigns.

8. NOTICES. All notices and other communications hereunder shall be in writing, and shall be deemed to have been duly given if delivered or, upon receipt, if mailed, in either case, to the respective addresses of the Company and the Borrower specified herein, or to such other address as a party shall have specified by notice to the other in the same manner.

9. SEVERABILITY. If any provision of this Note is construed to be invalid, illegal or unenforceable, then the remaining provisions shall not in any way be affected thereby and shall be enforced without regard thereof.

10. GOVERNING LAW. The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to the conflict of law rules thereof.

11. WAIVER OF JURY TRIAL. The Borrower and, by acceptance hereof, the Company hereby waive trial by jury in any judicial proceeding involving, directly or indirectly, any matter (whether sounding in tort, contract or otherwise) in any way arising out of, related to, or connected with this Note.

IN WITNESS WHEREOF, the undersigned Borrower has executed this Note under seal as of the day and year first above written.

/s/ David A. Jones  
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(Signature of Borrower)

Witness:

/s/ W. C. Smith, Jr.  
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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

In connection with the Quarterly Report on Form 10-Q/A of Rayovac Corporation (the "Company") for the Quarterly Period ended December 29, 2002 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

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Name: David A. Jones  
Title: Chief Executive Officer  
Date: May 2, 2003

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original 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.

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/A of Rayovac Corporation (the "Company") for the Quarterly period ended December 29, 2002 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

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Name: Randall J. Steward  
Title: Chief Financial Officer  
Date: May 2, 2003

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original 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.