



Rayovac Releases Reclassified Consolidated Statement of Operations and Balance Sheets for New Accounting Rules EITF 00-14 and 00-25

March 27, 2002

MADISON, Wis., March 27 /PRNewswire-FirstCall/ --

The Rayovac Corporation (NYSE: ROV) today provided reclassified Consolidated Statements of Operations and Consolidated Balance Sheets for each of its fiscal 2001 quarters and its first quarter of fiscal 2002. The reclassified Statement of Operations and Balance Sheets reflect accounting changes following the adoption of Emerging Issues Task Force (EITF) 00-14, "Accounting for Certain Sales Incentives" and EITF 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," as required on January 1, 2002.

EITF 00-14 addresses the statement of operations classification for various types of sales incentives including discounts, coupons, rebates, and free products.

EITF 00-25 addresses the statement of operations classification of payments made to resellers for slotting fees, cooperative advertising, buydowns and similar arrangements.

The Emerging Issues Task Force of the Financial Accounting Standards Board (FASB) enacted EITF 00-14 and EITF 00-25 to ensure that all companies, regardless of industry, use the same accounting method to present sales promotion costs in their financial statements. The reclassified statements are required to enable comparison between 2002 results and the prior years.

The EITF 00-14 and 00-25 adjustment involves the reclassification of most sales incentives and promotion costs from sales promotion expenses within selling, general and administrative expenses to a reduction in net sales or an increase in cost of sales.

The reclassifications do not change the Company's profit from operations, income from continuing operations, net income or net income per common share.

Implementation Reclassification Impact

The impact of the EITF 00-14 and EITF 00-25 reclassification reduces net sales by \$59.3 million, increases cost of sales by \$14.0 million and decreases selling, general and administrative expenses by \$73.3 million in 2001.

For the first quarter of fiscal 2002, the reclassification reduces net sales by \$20.5 million, increases cost of sales by \$5.2 million and decreases selling, general and administrative expenses by \$25.7 million.

The Company also reclassified certain other expenses unrelated to the implementation of EITF 00-14 and EITF 00-25 to conform with the current year presentation. The reclassifications do not change the Company's profit from operations, income from continuing operations, net income or net income per common share.

Concurrent with the adoption of EITF 00-25, the Company reclassified certain accrued trade incentives as a contra receivable versus the Company's previous presentation as a component of accounts payable. Historically, customers offset earned trade incentives when making payments on account. Therefore, the Company believes the reclassification of these accrued trade incentives as a contra receivable better reflects the underlying economics of the Company's net receivables due from our trade customers.

The reclassification results in a reduction in accounts receivable and accounts payable in its Consolidated Balance Sheets of \$20.2 million, \$15.9 million, \$18.2 million, and \$21.4 million, respectively, at the end of each of the fiscal 2001 quarters and \$24.7 million at the end of the fiscal 2002 first quarter. The Balance Sheet reclassifications have no impact on net working capital.

More details can be found on the Rayovac website at <http://www.rayovac.com> and clicking on the Rayovac Reclassifies news release.

Rayovac is one of the world's leading battery and lighting device companies. The Company also markets the number one selling rechargeable brand of battery and is the world leader in hearing aid batteries. Rayovac trades on the New York Stock Exchange under the ROV symbol.

Certain matters discussed in this news release, with the exception of historical matters, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of risks, uncertainties and other factors that could cause results to differ materially from those anticipated as of the date of this release. Actual results may differ materially from these statements as a result of (1) changes in external competitive market factors, including any introduction of new product features or technological developments, development of new competitors or competitive brands or competitive promotional activity or spending, (2) unanticipated changes in consumer demand for the various types of consumer batteries, (3) unanticipated changes in the general economic conditions where we do business, such as stock market prices, interest rates, inflation and raw material costs, (4) risks related to protection of our intellectual property and risks related to third party infringement claims and (5) various other factors, including those discussed herein and those set forth in the Company's SEC filings, including its most recent Form 10Q, Annual Report on Form 10-K and the prospectus supplement for the Company's most recent public offering of its common stock.

VIEW THE IMPACT ON THE EITF RESTATEMENT IN THOUSANDS

(<http://199.230.26.96/rov/pdfs/raythou.PDF>)

(<http://199.230.26.96/rov/pdfs/raythou2.PDF>)

RAYOVAC CORPORATION
Condensed Consolidated Statements of Operations
Fiscal 2001 by Quarter and First Quarter of Fiscal 2002
(Unaudited)
(In millions)

	Q1	Fiscal 2001			Fiscal 2001	Fiscal 2002
		Q2	Q3	Q4	Annual	Q1
Net sales	\$164.3	\$134.7	\$147.0	\$170.2	\$616.2	\$161.9
Cost of goods sold	96.3	78.5	85.6	100.8	361.2	99.2
Special charges	16.0	0.3	2.3	3.5	22.1	--
Gross profit	52.0	55.9	59.1	65.9	232.9	62.7
Gross profit margin (excluding special charges)	41.4%	41.7%	41.8%	40.8%	41.4%	38.7%
Selling	30.4	28.0	27.4	33.8	119.6	27.4
General and administrative	12.0	11.1	9.4	14.0	46.5	28.6
Research and development	3.0	3.0	3.0	3.2	12.2	3.2
Special charges	--	--	0.3	(0.1)	0.2	--
Total operating expenses	45.4	42.1	40.1	50.9	178.5	59.2
Income from operations (unchanged)	6.6	13.8	19.0	15.0	54.4	3.5
Income from operations margin (excluding special charges)	13.8%	10.5%	14.7%	10.8%	12.4%	2.2%
Interest expense	8.2	7.2	7.0	4.8	27.2	4.2
Other expense (income), net	0.9	0.2	(0.1)	0.2	1.1	(0.9)
(Loss) income before income taxes (unchanged)	\$(2.5)	\$6.4	\$12.1	\$10.0	\$26.1	\$0.2

Segment Information

Net sales						
North America	\$119.2	\$96.5	\$106.4	\$126.6	\$448.8	\$122.4
Latin America	33.5	26.5	28.9	29.8	118.7	26.0
Europe/Rest of World	11.6	11.7	11.7	13.8	48.7	13.5
Consolidated	164.3	134.7	147.0	170.2	616.2	161.9
Segment Profit						
North America	22.4	15.2	21.8	21.4	80.8	7.4
Latin America	6.9	4.5	3.5	2.0	16.9	3.6
Europe/Rest of World	0.2	1.1	1.6	1.2	4.1	1.1
Segment profit	29.5	20.8	26.9	24.6	101.8	12.1
Corporate expenses	6.9	6.7	5.3	6.1	25.1	8.6
Special charges	16.0	0.3	2.6	3.4	22.3	--
Interest expense	8.2	7.2	7.0	4.8	27.2	4.2
Other expense (income), net	0.9	0.2	(0.1)	0.2	1.2	(0.9)
(Loss) income before income taxes (unchanged)	\$(2.5)	\$6.4	\$12.1	\$10.1	\$26.0	\$0.2

Condensed Consolidated Balance Sheet
Fiscal 2001 by Quarter and Quarter Ending December 30, 2001
(Unaudited)
(In millions)

		Fiscal 2001			Fiscal 2002	
	Q1	Q2	Q3	Q4	Q1	
Cash & cash equivalents	\$11.3	\$10.6	\$10.3	\$11.4	\$18.8	
Receivables, net	123.0	111.6	135.5	168.7	142.5	
Inventories	94.7	90.9	92.3	91.3	83.0	
Prepays and other	36.7	37.9	37.8	31.7	39.6	
Total current assets	265.7	251.0	275.9	303.1	283.9	
Total noncurrent assets, net	265.3	266.4	267.4	263.4	264.3	
Total assets	\$531.0	\$517.4	\$543.3	\$566.5	\$548.2	
Current maturities of long-term debt	\$35.1	\$24.0	\$25.1	\$24.4	\$22.3	
Accounts payable	65.8	52.5	80.2	82.0	66.8	
Accrued liabilities:						
Wages and benefits and others	40.9	37.6	30.5	32.2	38.9	
Other special charges	7.8	5.9	4.9	5.9	4.0	
Total current liabilities	149.6	120.0	140.7	144.5	132.0	
Total noncurrent liabilities	302.9	316.3	246.7	264.4	256.6	
Total liabilities	452.5	436.3	387.4	408.9	388.6	
Total shareholder's equity	78.5	81.1	155.9	157.6	159.6	
Total liabilities and shareholder's equity	\$531.0	\$517.4	\$543.3	\$566.5	\$548.2	

MAKE YOUR OPINION COUNT - [Click Here](http://tbutton.prnewswire.com/prn/11690X36871830)
<http://tbutton.prnewswire.com/prn/11690X36871830>

SOURCE Rayovac Corporation
Web site: <http://www.rayovac.com>
CONTACT: John Daggett for Rayovac Corporation, +1-608-275-4912