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RAYOVAC CORP
Form 10-K/A
May 14, 2002

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

FORM 10K/A
AMENDMENT NO. 1

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

For the Fiscal Year Ended September 30, 2001

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

22-2423556

(State or other jurisdiction of
incorporation or organization)

(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

(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

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K.

On May 7, 2002, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$524,973,421. As of May 7, 2002, there were outstanding 32,030,105 shares of the registrant's Common Stock, \$0.01 par value.

Explanatory Note

This Amendment No. 1 to the Annual Report on Form 10-K (the "Form 10-K") of Rayovac Corporation (the "Company") for the fiscal year ended September 30, 2001 is being filed to amend Item 11 (Executive Compensation) of the Form 10-K to revise the summary compensation table required by Item 11. In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, the complete text of Item 11 as amended is set forth herein. The revised summary compensation table properly reflects the bonus and other compensation paid to the Company's chief executive officer and the other four most highly compensated executive officers (the "Named Executive Officers") during the fiscal years ended September 30, 2001, 2000 and 1999, respectively. The revised summary compensation table corrects presentation errors for the bonus and other compensation paid to the Named Executive Officers, which were reflected in the incorrect fiscal years. The revised summary compensation table contains no change in previously reported information other than as described above. The Company's audited financial statements as of and for the fiscal year ended September 30, 2001 did not contain these errors and have not been changed.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth compensation paid to our Chief Executive Officer and the other four most highly compensated executive officers during fiscal 2001, fiscal 2000 and fiscal 1999 (the "Named Executive Officers") for services rendered in all capacities to us. Certain prior year amounts have been reclassified to conform with current year presentation.

NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)
David A. Jones, Chairman of the Board and Chief Executive Officer.....	2001	\$550,000		\$361,200 (2)
	2000	500,000	\$400,000	278,700 (4)
	1999	500,000	250,000	272,800 (5)
Kent J. Hussey, President and Chief Operating	2001	385,000		125,200 (7)
	2000	350,000		56,500 (8)

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Officer.....	1999	325,000	412,500	
Luis A. Cancio,	2001	293,000		80,000 (9)
Executive Vice President-Latin	2000	286,000		33,200 (10)
America.....	1999	47,700		
Stephen P. Shanesy,	2001	290,000		84,700 (12)
Executive Vice President of	2000	265,000		
Global Brand Management.....	1999	250,000	100,000	
Merrell M. Tomlin,	2001	290,000		70,800 (12)
Executive Vice President of	2000	250,000		32,500 (14)
Sales.....	1999	230,000	114,000	

NAME AND PRINCIPAL POSITION	ALL OTHER COMPENSATION (\$)
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David A. Jones, Chairman of the Board and Chief Executive Officer.....	\$5,741,400 (3) 4,700 (6)
Kent J. Hussey, President and Chief Operating Officer.....	1,418,500 (3) 4,700 (6)
Luis A. Cancio, Executive Vice President-Latin America.....	10,000 (11)
Stephen P. Shanesy, Executive Vice President of Global Brand Management.....	796,200 (13) 1,800 (6)
Merrell M. Tomlin, Executive Vice President of Sales.....	924,600 (3) 143,100 (15)

(1) At September 30, 2001 an aggregate of 277,137 restricted shares were outstanding valued at \$4,226,355. Vesting is scheduled for September 30, 2003 on 210,423 shares. The remaining 66,714 shares are scheduled to vest one third each year beginning September 30, 2001. The Company has the discretion to pay or defer dividends, if declared, until the expiration of restrictions.

(2) Includes approximately \$104,000 related to a supplemental executive retirement program, \$80,000 related to personal use of the Company aircraft, \$70,000 related to interest on the Executive Note (as defined herein) and \$60,000 related to a Company provided residence.

(3) Represents compensation from the exercise of stock options.

(4) Includes approximately \$70,000 related to a Company provided residence, \$70,000 related to interest on the Executive Note (as defined herein) and \$90,000 related to personal use of the Company aircraft.

(5) Includes approximately \$120,000 related to a Company provided residence,

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\$70,000 related to interest on the Executive Note (as defined herein) and \$50,000 related to personal use of the Company aircraft.

- (6) Represents pension plan termination benefits.
- (7) Includes approximately \$70,000 related to a supplemental executive retirement program.
- (8) Includes approximately \$20,000 related to personal use of the Company aircraft and \$20,000 related to personal use of a Company provided vehicle.
- (9) Includes approximately \$50,000 related to a supplemental executive retirement program.
- (10) Represents personal use of a Company provided vehicle and contributions to 401K plan.
- (11) Represents relocation payments.
- (12) Includes approximately \$55,000 related to a supplemental executive retirement program.
- (13) Represents compensation from the exercise of stock options and the purchase of a company vehicle.
- (14) Includes approximately \$20,000 related to personal use a company provided vehicle.
- (15) Represents pension plan termination benefits and approximately \$140,000 of relocation payments.

OPTION GRANTS AND EXERCISES

In connection with the 1996 recapitalization, the Board adopted the Rayovac Corporation 1996 Stock Option Plan (the "1996 Plan"). Pursuant to the 1996 Plan, options may be granted with respect to an aggregate of 2,318,127 shares of Common Stock. At September 30, 2001 an aggregate of 1,287,867 options to purchase shares of Common Stock at a weighted average exercise price of \$7.42 per share, 508,181 of which relate to the 911,577 granted to David A. Jones in accordance with the terms of his employment agreement, were outstanding. See "Employment Agreement". In September 1997, the Board adopted the 1997 Rayovac Incentive Plan ("Incentive Plan"). Pursuant to the Incentive Plan, we may grant stock-based awards, including options and restricted stock, to purchase up to 5,000,000 shares of Common Stock. At September 30, 2001 an aggregate of 1,978,413 options at a weighted average exercise price of \$18.48 were outstanding under the Incentive Plan.

The following table discloses the grants of stock options during fiscal 2001 to the Named Executive Officers.

OPTION GRANTS IN FISCAL 2001

INDIVIDUAL GRANTS		
NUMBER OF SECURITIES UNDERLYING OPTIONS	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN	EXERCISE OR BASE PRICE
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NAME	GRANTED (#)	FISCAL YEAR	(\$/SHARE)	EXPIRATION DATE	
David A. Jones.....	50,000	5.8	\$14.50	9/30/2010	\$4
Kent J. Hussey.....	50,000	5.8	\$14.50	9/30/2010	\$4
Luis A. Cancio.....	50,000	5.8	\$14.50	9/30/2010	\$4
Stephen P. Shanesy.....	50,000	5.8	\$14.50	9/30/2010	\$4
Merrell M. Tomlin.....	50,000	5.8	\$14.50	9/30/2010	\$4

The following table sets forth information concerning options to purchase Common Stock held by the Named Executive Officers.

AGGREGATED OPTION EXERCISES IN FISCAL 2001 AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED \$	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END (#) (EXERCISABLE/UNEXERCISABLE)		VALUE OF IN-THE- MONEY OPTION FISCAL YEAR (EXERCISABLE)
David A. Jones.....	403,396	\$5,722,200	325,865/232,316		\$3,538,894
Kent J. Hussey.....	100,000	\$1,418,500	106,747/149,112		523,181/
Luis A. Cancio.....	--	--	53,125/146,875		0/37
Stephen P. Shanesy.....	55,355	\$ 785,200	53,553/115,039		388,821/
Merrell M. Tomlin.....	65,184	\$ 924,600	43,724/115,039		282,078/

(1) These values are calculated using the \$15.25 per share closing price of the Common Stock as quoted on the NYSE on September 30, 2001.

PENSION PLAN

In fiscal 1997 we contributed to a defined benefit pension plan covering all domestic non-union employees (the "Pension Plan"). On August 1, 1997 the Pension Plan accruals were frozen and the Pension Plan was officially terminated on October 1, 1997. We made no contributions to the Pension Plan during fiscal 1999, 2000 or 2001. Distribution of benefits due to participating employees under the Pension Plan was made during fiscal 1999. In fiscal 1999, 2000 and 2001, we contributed to a defined contribution 401(k) plan covering domestic non-union employees (the "401(k) Plan"). We made contributions allocated on the basis of compensation and age as identified in the summary compensation table.

DIRECTOR COMPENSATION

Directors who are employees of the Company receive no compensation for serving on the Board of Directors. Non-employee directors of the Company are reimbursed for their out-of-pocket expenses in attending meetings of the Board of Directors. Messrs. Lupo and Pellegrino received \$5,000 per quarterly meeting in their capacities as directors for fiscal year 2001, plus \$1,000 for each of the four Board of Director meetings they attended. In addition, each received \$500 for each Board Committee meetings he attended. Commencing July 2001, Mr. Shepherd began receiving the same compensation as Messrs. Lupo and Pellegrino for attending Board of Director and Board Committee meetings. Messrs. Schoen and Smith receive no fees in their capacities as directors.

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However, as described in "Certain Relationships and Related Transactions", Thomas H. Lee Company, an affiliate of Thomas H. Lee Partners, L.P., of which Messrs. Schoen and Smith are managing directors and Mr. Shepherd is formerly a managing director and currently a special partner, receives fees from us for consulting and management advisory services.

EMPLOYMENT AGREEMENTS

We have an employment agreement with each of the Named Executive Officers. On October 1, 2000, we entered into amended and restated employment agreements with David A. Jones (the "Jones Employment Agreement") and Kent J. Hussey (the "Hussey Employment Agreement"), as well as employment agreements with each of Luis A. Cancio, Stephen P. Shanesy and Merrell M. Tomlin (together with the Jones Employment Agreement and the Hussey Employment Agreement, the "Executive Employment Agreements").

Each of the Executive Employment Agreements:

- has a term of three years, expiring on September 30, 2003, and, except for the Jones Employment Agreement, provides for automatic renewal for successive one-year periods unless terminated earlier upon 90-days' written notice by either the respective Named Executive Officer or us;
- provides that the Named Executive Officer has the right to resign and terminate his respective Executive Employment Agreement at any time upon 60-days' notice. Upon such resignation, we must pay any unpaid base salary through the date of termination to the resigning Named Executive Officer;
- except in the case of the Jones Employment Agreement, provides that upon termination of the Named Executive Officer's employment without cause or for death or disability, we will pay to the terminated Named Executive Officer, or such Named Executive Officer's estate, two times the Named Executive Officer's base salary and annual bonus, to be paid out over the following twelve months. In addition, each Named Executive Officer shall be entitled to receive insurance and other benefits for the greater of 24 months or the remainder of the term;
- provides us with the right to terminate the Named Executive Officer's employment for "cause" (as defined therein), in which event we shall be obligated to pay to the terminated Named Executive Officer any unpaid base salary accrued through the date of termination; and
- provides that, during the term of the agreement or the period of time served as an employee or director, and for one year thereafter, the Named Executive Officer shall not engage in or have any business which is involved in the industries in which we are engaged.

Under their respective employment agreements, Mr. Jones is entitled to a base salary of \$550,000 per annum, Mr. Hussey is entitled to a base salary of \$385,000 per annum, Mr. Shanesy and Mr. Tomlin are each entitled to a base salary of \$290,000 per annum and Mr. Cancio is entitled to a base salary of \$275,000 per annum (such base salaries may be increased from time to time at the discretion of the Board of Directors) and each Named Executive Officer is entitled to an annual bonus based upon our achieving certain annual performance goals established by the Board of Directors.

In addition, pursuant to the Jones Employment Agreement, Mr. Jones was paid a bonus of \$400,000 in October 2000 as compensation for past services and will be paid an additional bonus of \$400,000 on September 30, 2003. In addition, the Jones Employment Agreement provides that Mr. Jones will be granted the option to

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purchase his Rayovac-owned home for a nominal amount on April 30, 2003. In the event of a "sale" of Rayovac (as defined in the Jones Employment Agreement), Mr. Jones' right to receive the September 30, 2003 bonus and his right to acquire his Rayovac-owned home shall accelerate to the date of the "sale". Pursuant to the Jones Employment Agreement, Mr. Jones purchased 227,895 shares of Common Stock at approximately \$4.39 per share in connection with our 1996 recapitalization. One-half of the purchase price for those shares was paid in cash and one-half was paid with a promissory note from Mr. Jones will receive additional salary at an initial rate of \$35,000 annually as long as the Jones Equity Note remains outstanding.

The Jones Employment Agreement further provides that, upon termination of Mr. Jones' employment due to death or disability, we will pay him or his estate his base salary for the next 24 months following termination and we will continue to pay him or his estate two times the pro rata portion of his annual bonus. In addition, we will continue to pay him his additional salary at an initial rate of \$35,000 annually, as long as the Jones Equity Note is outstanding, for the duration of the term of his agreement, and he shall be entitled to insurance and other specified benefits for the greater of 24 months or the remainder of the term. In the event Mr. Jones is terminated "without cause" (as defined in the Jones Employment Agreement), he shall continue to be paid his annual bonus for the greater of 24 months or the remainder of the term. Mr. Jones shall also be entitled to receive additional salary at an initial rate of \$35,000 annually, as long as the Jones Equity Note is outstanding, and insurance and other benefits for the greater of 24 months or the remainder of the term.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2001, the Compensation Committee of the Board of Directors was comprised of Scott A. Schoen, Thomas R. Shepherd and Warren C. Smith, Jr. No member of our Compensation Committee is currently or has been, at any time since our formation, one of our officers or employees. No member of our Compensation Committee serves a member of the board of directors or compensation committee of any entity that has one of more executive officers serving as a member of our Board of Directors or Compensation Committee.

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.

RAYOVAC CORPORATION

By: /s/ David A. Jones

Name: David A. Jones

Title: Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of May 14, 2002.

SIGNATURE

TITLE

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/s/ David A. Jones	

David A. Jones	Chairman of the Board and Chief Executive Officer (PRINCIPAL EXECUTIVE OFFICER)
/s/ Kent J. Hussey	

Kent J. Hussey	President and Chief Financial Officer and Director (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)
/s/ John S. Lupo	

John S. Lupo	Director
/s/ Philip F. Pellegrino	

Philip F. Pellegrino	Director
/s/ Scott A. Schoen	

Scott A. Schoen	Director
/s/ Thomas R. Shepherd	

Thomas R. Shepherd	Director
/s/ Scott L. Jaeckel	

Scott L. Jaeckel	Director
/s/ Barbara S. Thomas	

Barbara S. Thomas	Director