

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended Commission file number
December 31, 1997 1-9608

NEWELL CO.
(Exact name of Registrant as specified in its charter)

DELAWARE 36-3514169
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Newell Center
29 East Stephenson Street
Freeport, Illinois 61032-0943
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (815) 235-4171

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$1 par value per share, and associated Preferred Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

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. (X)

There were 159.2 million shares of the Registrant's Common Stock outstanding as of December 31, 1997. The aggregate market value of the shares of Common Stock (based upon the closing price on the New York Stock Exchange on that date) beneficially owned by nonaffiliates of the Registrant was approximately \$6,417.1 million. For purposes of the foregoing calculation only, which is required by Form 10-K, the Registrant has included in the shares owned by affiliates those shares owned by directors and officers of the Registrant, and such inclusion shall not be construed as an admission that any such person is an affiliate for any purpose.

Documents Incorporated by Reference

Part III

Portions of the Registrant's Definitive Proxy Statement for its Annual Meeting of Stockholders to be held May 13, 1998.

2

Item 1. Business

"Newell" or the "Company" refers to Newell Co. alone or with its wholly-owned subsidiaries, as the context requires.

GENERAL

The Company is a manufacturer and full-service marketer of staple consumer products sold to high-volume purchasers, including, but not limited to, discount stores and warehouse clubs, home centers and hardware stores, and office superstores and contract stationers. The Company's basic business strategy is to merchandise a multi-product offering of brand name consumer products, which are concentrated in product categories with relatively steady demand not dependent on changes in fashion, technology or season, and to differentiate itself by emphasizing superior customer service. The Company's multi-product offering consists of staple consumer products in three major product groups: Hardware and Home Furnishings, Office Products, and Housewares. The Company's primary financial goals are to increase sales and earnings per share an average of 15% per year, to achieve an annual return on beginning equity of 20% or above, to increase dividends per share in line with earnings growth and to maintain a prudent ratio of total debt to total capitalization, net of cash ("leverage"). For the ten years ended December 31, 1997, the Company's compound annual growth rates for sales and earnings per share were 15% and 17%, respectively, its average annual return on beginning equity was 21%, its compound annual growth rate for dividends per share was 19% and its average leverage is 26%.

The Company's growth strategy emphasizes acquisitions and internal growth. The Company has grown both domestically and internationally by acquiring businesses with brand name product lines and improving the profitability of such businesses through an integration process called "Newellization." Since 1990, the Company has completed more than 15 major acquisitions representing more than \$2 billion in additional sales. The Company supplements acquisition growth with internal growth, principally by introducing new products, entering new domestic and international markets, adding new customers, cross-selling existing product lines to current customers and supporting its U.S.-based customers' international expansion.

Forward-looking statements in this Report are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to, but are not limited to, such matters as sales, income, earnings per share, return on equity, capital expenditures, dividends, capital structure, free cash flow, debt to capitalization ratios, internal growth rates, future economic performance, management's plans, goals and objectives for future operations and growth or the assumptions relating to any of the forward-looking information. The Company cautions that forward-looking statements are not guarantees since there are inherent difficulties in predicting future results, and that

actual results could differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, those matters set forth in this Report, the documents incorporated by reference herein and Exhibit 99 to this Report.

PRODUCT GROUPS

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The Company's three product groups are Hardware and Home Furnishings, Office Products, and Housewares.

HARDWARE AND HOME FURNISHINGS

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Window Treatments

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The Company's window treatments business is conducted by the Levolor Home Fashions, Newell Window Furnishings and Kirsch Window Fashions Europe divisions. Levolor Home Fashions and Newell Window Furnishings primarily design, manufacture or import, package and distribute drapery hardware, made-to-order and stock horizontal and vertical blinds, and pleated, cellular and roller shades for the retail marketplace. Levolor Home Fashions also produces window treatment components for custom window treatment fabricators. Kirsch Window Fashions Europe primarily designs, manufactures, packages and distributes drapery hardware and made-to-order window treatments for

Levolor Home Fashions, Newell Window Furnishings and Kirsch Window Fashions Europe products are sold primarily under the trade names of NEWELL{R}, LEVOLOR{R}, LOUVERDRAPE{R}, DEL MAR{R}, KIRSCH{R}, JOANNA{R}, ACRIMO{R} and HOFESA{R}, and the brands SPECTRIM{R}, MAGIC FIT{R} and RIVIERA{R}.

Levolor Home Fashions and Newell Window Furnishings market their products directly and through distributors to mass merchants, home centers, department/specialty stores, hardware distributors, custom shops and select contract customers, using a network of manufacturers' representatives, as well as regional account and market-specific sales managers. Kirsch Window Fashions Europe markets its products to mass merchants and buying groups using a direct sales force.

Principal U.S. facilities are located in Freeport, Illinois; High Point, North Carolina and Sturgis, Michigan. Principal foreign facilities are located in Prescott, Ontario, Canada; Ablis, France; Milan, Italy; Lisbon, Portugal; Vitoria, Spain; and Malmo, Sweden.

Hardware and Tools

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The Company's hardware and tools business is conducted by the Amerock Cabinet and Window Hardware Systems, Bulldog Fastener, EZ

Painter and Bernzomatic divisions. Amerock Cabinet and Window Hardware Systems manufacture or import, package and distribute cabinet hardware for the retail and O.E.M. marketplace and window hardware for window manufacturers. Bulldog packages and distributes hardware, which includes bolts, screws and mechanical fasteners. EZ Painter manufactures and distributes manual paint applicator products. Bernzomatic manufactures and distributes propane/oxygen hand torches.

Amerock, Bulldog, EZ Painter and Bernzomatic products are sold primarily under the trade names of AMEROCK{R}, ALLISON{R}, BULLDOG{R}, STAR{R}, EZ PAINTR{R} and BERNZOMATIC{R}.

Amerock, Bulldog, EZ Painter and Bernzomatic market their products directly and through distributors to mass merchants, home centers, hardware distributors, cabinet shops and window manufacturers, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

Principal facilities are located in Rockford, Illinois; Lowell, Indiana; Memphis, Tennessee; St. Francis, Wisconsin and Medina, New York.

Picture Frames

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The Company's picture frame business is conducted by the Intercraft/Burnes division. Intercraft/Burnes primarily designs, manufactures or imports, packages and distributes wood, wood composite and metal ready-made picture frames, framed art and photo albums.

Intercraft/Burnes ready-made picture frames are sold primarily under the trade names of INTERCRAFT{R}, DECOREL{R}, BURNES OF BOSTON{R}, CARR{R}, Rarewoods{R} AND TERRAGRAFICS{R}, while framed art is sold primarily under the DECOREL{R} trade name and photo albums are sold primarily under the HOLSON{R} trade name.

Intercraft/Burnes markets its products directly to mass merchants, warehouse clubs, grocery/drug stores and department/specialty stores, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers. INTERCRAFT{R}, DECOREL{R} and HOLSON{R} products are sold to mass merchants, while the remaining brands are sold primarily to department/specialty stores.

Principal U.S facilities are located in Taylor, Texas; Statesville, North Carolina; Claremont, New Hampshire; Mundelein, Illinois; North Smithfield, Rhode Island and Covington, Tennessee. Principal foreign facilities are located in Mississauga, Ontario, Canada and Durango, Mexico.

Home Storage Products

The Company's home storage business is conducted by its Lee Rowan division. Lee Rowan primarily designs, manufactures or imports, packages and distributes wire storage and laminate products and ready-to-assemble closet, organization and work shop cabinets.

Lee Rowan products are sold primarily under the trade names of LEE ROWAN{R} and SYSTEM WORKS{R}.

Lee Rowan markets its products directly to mass merchants, warehouse clubs, home centers and hardware stores, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

Principal facilities are located in Jackson, Missouri; Memphis, Tennessee; Vista, California and Watford, Ontario, Canada.

OFFICE PRODUCTS

Markers and Writing Instruments

The Company's Markers and Writing Instruments business is conducted by the Sanford division. Sanford primarily designs, manufactures or imports, packages and distributes permanent/waterbase markers, dry erase markers, overhead projector pens, highlighters, wood-cased pencils, ballpoint pens and inks, and distributes other writing instruments including roller ball pens and mechanical pencils for the retail marketplace.

Sanford products are sold primarily under the trade names of SANFORD{R}, EBERHARD FABER{R} and BEROL{R}, and the brands SHARPIE{R}, UNI-BALL{R} (used under exclusive license from Mitsubishi Pencil Co. Ltd. and its subsidiaries), EXPO{R}, ZEZE{R}, VIS-A-VIS{R}, EXPRESSO{R} and MONGOL{R}.

Sanford markets its products directly and through distributors to mass merchants, warehouse clubs, grocery/drug stores, office superstores, office supply stores, contract stationers, and hardware distributors, using a network of manufacturers' representatives, as well as regional direct sales representatives and market-specific sales managers.

Principal U.S. facilities are located in Bellwood, Illinois and Lewisburg and Shelbyville, Tennessee. Principal foreign facilities are located in Tlalnepantla, Mexico; Bogota, Colombia; Maracay, Venezuela; King's Lynn, United Kingdom and Oakville, Ontario, Canada.

Office Storage and Organization Products

The Company's office storage and organization business is conducted through its Newell Office Products division. Newell Office Products primarily designs, manufactures or imports, packages and distributes desktop accessories, computer accessories, storage products, card files, chair mats and resin-based office furniture.

Newell Office Products markets its products under the Rolodex{R}, Eldon{R} and Rogers{R} trade names.

Newell Office Products markets its products directly and through distributors to mass merchants, warehouse clubs, grocery/drug stores, office superstores, office supply stores and contract stationers, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

Principal facilities are located in Moca, Puerto Rico; Maryville, Tennessee and Madison, Wisconsin.

School Supplies and Stationery

The Company's school supplies and stationery business is conducted through its Stuart Hall division. Stuart Hall primarily manufactures, packages and distributes its products under the STUART HALL{R} trade name.

Stuart Hall markets its products directly and through distributors to mass merchants, warehouse clubs, grocery/drug stores, office supply stores and contract stationers, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

The principal facility is located in Kansas City, Missouri.

HOUSEWARES

Glassware and Plasticware

The Company's glassware and plasticware business is conducted by the Anchor Hocking Consumer Glass, Anchor Hocking Specialty Glass, Newell Plastics and Newell Europe divisions. These divisions primarily design, manufacture, package and distribute glass and plastic products. These products include glass ovenware, servingware, cookware and dinnerware products and plastic microwave cookware and food storage products. Anchor Hocking also produces foodservice products, glass lamp parts, lighting components, meter covers and appliance covers for the foodservice and specialty markets. Newell Europe also produces glass components for appliance manufacturers and

its products are marketed under exclusive license from Corning Incorporated in Europe, the Middle East and Africa.

Anchor Hocking Consumer and Specialty Glass and Newell Plastics products are sold primarily under the trade names of ANCHOR HOCKING{R} and PLASTICS INC.{TM}, and the brand names of OVEN BASICS{R} and STOWAWAYS{R}. Newell Europe's products are sold primarily under the brand names of PYREX{R} (used under exclusive license from Corning Incorporated in Europe, the Middle East and Africa), PYROFLAM{R}, VISIONS{R} and VITRI{R}.

Anchor Hocking Consumer and Newell Plastics market their products directly to mass merchants, warehouse clubs, grocery/drug stores, department/specialty stores, hardware distributors and select contract customers, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers. Anchor Specialty Glass markets its products to manufacturers that supply the mass merchant and home party channels of trade. Newell Europe markets its products to mass merchants, industrial manufacturers and buying groups using a direct sales force and manufacturers' representatives in some markets.

Principal U.S. facilities are located in Lancaster, Ohio; Monaca, Pennsylvania and St. Paul and Coon Rapids, Minnesota. Principal foreign facilities are located in Sunderland, Great Britain; Muhltal, Germany and Chateauroux, France.

Aluminum Cookware and Bakeware

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The Company's aluminum cookware and bakeware business is conducted by the Mirro division. Mirro primarily designs, manufactures, packages and distributes aluminum cookware and bakeware for the retail marketplace. Mirro also designs, manufactures, packages and distributes various specialized aluminum cookware and bakeware items for the food service industry. It also produces aluminum contract stampings and components for other manufacturers and makes aluminum and plastic kitchen tools and utensils. Mirro manufacturing operations are highly integrated, rolling sheet stock from aluminum ingot, and producing phenolic handles and knobs at its own plastics molding facility.

Mirro products are sold primarily under the trade names of MIRRO{R} and WEAREVER{R}, and the brand names of AIRBAKE{R}, CUSHIONAIRE{R}, CONCENTRIC AIR{R}, CHANNELON{R} and WEAREVER AIR{TM}.

Mirro markets its products directly to mass merchants, warehouse clubs, grocery/drug stores, department/specialty stores, hardware distributors, cable TV networks and select contract customers, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

Principal facilities are located in Manitowoc and Chilton, Wisconsin.

Hair Accessories and Beauty Organizers

The Company's hair accessory and beauty organizer business is conducted through its Goody division. Goody primarily designs, manufactures or imports, packages and distributes hair accessories and beauty organizers.

Goody products are sold primarily under the trade names GOODY{R}, ACE{R} and WILHOLD{R}.

Goody markets its products directly to mass merchants, warehouse clubs, grocery/drug stores and department/specialty stores, using a network of manufacturers' representatives, as well as regional zone and market-specific sales managers.

Principle facilities are located in Peach Tree City and Manchester, Georgia.

Export Sales

The Company's export sales business, defined as sales of products made in the U.S. and sold abroad, is conducted through its Newell International division. For purposes of the table on the following page, sales attributable to the Newell International division are allocated to the product group that manufactured the products.

Net Sales By Product Class

As of September 30, 1997, the Company began to present sales information for its various product categories in three groups rather than four groups. The Company's three product groups are Hardware and Home Furnishings, Office Products, and Housewares. The Company believes that this presentation is appropriate, because (i) it organizes its product categories into these groups when making operating decisions and assessing performance, and (ii) the Company divisions included in each group sell primarily to the same retail channel: Hardware and Home Furnishings (home centers and hardware stores), Office Products (office superstores and contract stationers) and Housewares (discount stores and warehouse clubs).

The following table sets forth the amounts and percentages of the Company's net sales for the three years ended December 31 (including sales of acquired companies from the time of acquisition), for the Company's three product groups and the product categories included therein:

	1997	% of total	1996	% of total	1995	% of total
	-----	-----	-----	-----	-----	-----
	(In millions, except percentages)					
Hardware and Home Furnishings:						
Window Treatments	\$ 562.6	18%	\$ 385.6	13%	\$ 392.0	16%
Hardware and Tools	392.6	12	383.1	13	364.3	15
Picture Frames	359.4	11	339.8	12	154.0	6
Home Storage Products	170.2	5	190.8	7	186.3	7
Total Hardware and Home Furnishings	1,484.8	46	1,299.3	45	1,096.6	44
Office Products:						
Markers and Writing Instruments	601.4	19	570.2	20	402.4	16
Office Storage and Organization	209.9	6	85.6	3	81.6	3
School Supplies and Stationery	87.9	3	86.0	3	98.2	4
Total Office Products	899.2	28	741.8	26	582.2	23
Housewares:						
Glassware and Plasticware	394.4	12	394.2	14	397.6	16
Cookware and Bakeware	284.3	9	273.4	9	261.9	11
Hair Accessories and Beauty Organizers	171.6	5	164.1	6	160.1	6
Total Housewares	850.3	26	831.7	29	819.6	33
Newell Consolidated	\$3,234.3	100%	\$2,872.8	100%	\$2,498.4	100%
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Certain 1996 and 1995 amounts have been reclassified to conform with the 1997 presentation.

GROWTH STRATEGY

The Company's growth strategy emphasizes acquisitions and internal growth. The Company has grown both domestically and internationally by acquiring businesses with brand name product lines and improving the profitability of such businesses through an integration process referred to as "Newellization." Since 1990, the Company has completed more than 15 major acquisitions representing more than \$2 billion in additional sales. The Company supplements acquisition growth with internal growth, principally by introducing new products, entering new domestic and international markets, adding new customers, cross-selling existing product lines to current customers and supporting its U.S.-based customers' international expansion.

ACQUISITIONS AND INTEGRATION

Acquisition Strategy

The Company primarily grows by acquiring businesses and product lines with a strategic fit with the Company's existing businesses. It also seeks to acquire product lines with a number one or two position in the markets in which they compete, a low technology level, a long product life cycle and the potential to reach the Company's standard of profitability. In addition to adding entirely new product lines, the Company uses acquisitions to round out existing businesses and fill gaps in its product offering, add new customers and distribution channels, expand shelf space for the Company's products with existing customers, and improve operational efficiency through shared resources.

Newellization

"Newellization" is the Company's well-established profit improvement and productivity enhancement process that is applied to integrate newly acquired product lines. The Newellization process includes establishing a more focused business strategy, improving customer service, reducing corporate overhead through centralization of administrative functions and tightening financial controls. In integrating acquired businesses, the Company typically centralizes accounting systems, capital expenditure approval, cash management, order processing, billing, credit, accounts receivable and data processing operations. To enhance efficiency, Newellization also focuses on improving manufacturing processes, eliminating non-productive lines, reducing inventories, increasing accounts receivable turnover and trimming excess costs.

Newellization also builds partnerships with customers and improves sales mix profitability through program merchandising techniques. The Newellization process usually takes approximately two to three years to complete.

History of Acquiring and Integrating Businesses

The Company's growth from a small manufacturer of drapery hardware with approximately \$15 million in annual sales in 1967 has largely been the result of the acquisition and integration of more than 75 businesses and product lines to build a strong multi-product offering. Set forth below is a list of the Company's major acquisitions since 1990 along with the approximate amount of aggregate annual sales for the businesses acquired in the full year prior to acquisition.

Major Acquisitions Since 1990

Year	Acquired Trade or Brand Name	Product Category	Annual Sales When Acquired
			(in millions)
1997	Rolodex Kirsch Eldon	Office Storage and Organization Window Treatments Office Storage and Organization	\$550
1996	Holson and Burnes of Boston	Picture Frames	\$130
1995	Decorel Berol	Picture Frames Markers and Writing Instruments	\$300
1994	Del Mar and Louver Eberhard Faber (including Uni-Ball Pyrex	Window Treatments Markers and Writing Instruments Glassware and Plasticware	\$470
1993	Goody Levolor Lee Rowan	Hair Accessories Window Treatments Home Storage Products	\$500
1992	Sanford (including Sharpie and Expo) Stuart Hall Intercraft	Markers and Writing Instruments School Supplies and Stationery Picture Frames	\$420
1991	Rogers and Keene	Office Storage and Organization	\$ 50

All listed trade and brand names are trademarks, which are registered in the United States Patent and Trademark Office.

Used under exclusive license from Mitsubishi Pencil Co. Ltd. and its subsidiaries.

Used under exclusive license from Corning Incorporated in Europe, the Middle East and Africa only.

The Company's 1997 acquisitions illustrate its goal of adding businesses with a strategic fit. In March 1997, the Company purchased the assets of Rolodex, a manufacturer and marketer of office products, including card files, personal organizers and paper punches. These products supplement the Company's Office Products group, which manufactures or imports, packages and distributes desktop and computer accessories under the Rogers{R} brand name (acquired in 1991).

In May 1997, the Company acquired Kirsch, which manufactures and distributes drapery hardware and custom window coverings in the U. S. and abroad, primarily under the trade names of Kirsch{R}, ACRIMO{R} and HOFESA{R}. The Company operates the Kirsch business through its Hardware and Home Furnishings group, which manufactures or imports, packages and distributes mini-blinds, roller shades and drapery hardware.

In June 1997, the Company acquired Eldon, which is a leader in the design, manufacture and supply of computer and plastic desktop accessories, resin-based office furniture, and storage and organization products. The Company operates the business as part of its Office Products group (which also includes the Rogers{R} and Rolodex{R} brand names).

Internal Growth

The second element of the Company's growth strategy is internal growth. Once an acquired business has been Newellized, the Company's strategy is to build profitable sales and contribute to the Company's internal growth. Avenues for internal growth include introducing new products, entering new domestic and international markets, adding new customers, cross-selling existing product lines to current customers and supporting its U.S.-based customers' international expansion. The Company's goal is to achieve an internal growth rate of 3-5% per year, and over the last five years, the Company has achieved an average of 4% annual internal growth. Internal growth is defined by the Company as growth from its "core businesses," which include continuing businesses owned more than two years and minor acquisitions. The Company intends to continue to pursue internal growth opportunities to complement its acquisition growth.

International

The Company is pursuing international opportunities to further its acquisition and internal growth objectives. The rapid growth of consumer goods economies and retail structures in several regions outside the U.S., particularly Mexico, South America and Europe, makes them attractive to the Company by providing opportunities to acquire businesses, develop partnerships with new foreign customers and extend relationships with the Company's domestic customers whose businesses are growing internationally. The Company's recent acquisitions, combined with existing sales to foreign customers, increased its sales outside the U.S. to approximately 17% of total sales in 1997 from approximately 8% in 1992.

Within the last few years, the Company acquired a number of businesses with significant foreign sales. The Company's first significant foreign acquisition was the 1994 acquisition of Corning Incorporated's European consumer product business, with annual sales of approximately \$130 million. Now known as Newell Europe, the acquisition included Corning's manufacturing facilities in England, France and Germany, as well as the trademark rights and product lines of Pyrex[®] glass cookware used under exclusive license from Corning Incorporated in Europe, Africa and the Middle East. The 1995 acquisition of Berol, an international manufacturer and marketer of writing instruments provided annual international sales of more than \$80 million and several foreign manufacturing facilities. The 1997 acquisition of Kirsch added annual international sales of drapery hardware and window coverings of approximately \$150 million and several European manufacturing facilities.

Additional information regarding acquisitions of businesses is included in Item 6 and note 2 to the consolidated financial statements.

MARKETING AND DISTRIBUTION

Customer Service

The Company believes that one of the primary ways it distinguishes itself from its competitors is through customer service. The Company's ability to provide superior customer service is a result of its information technology, marketing and merchandising programs designed to enhance the sales and profitability of its customers and consistent on-time delivery of its products.

Information Technology

The Company has become an industry leader in the application of Electronic Data Interchange ("EDI") technology, an electronic link between the Company and many of its retail customers, and invests in advanced computer systems. The Company uses EDI to receive and transmit purchase orders, invoices and payments. By replacing paper-based processing with computer-to-computer business transactions, EDI has cut days off the order/shipping cycle.

Building upon its EDI expertise, the Company has established "Quick Response" programs with several major customers. These programs allow the Company to implement customized features such as vendor-managed inventories in which the Company manages certain or all aspects of inventory of several product categories at customer locations. The Company's experience is that its customers benefit from such programs by increased inventory turnover and reduced customer waiting periods for out-of-stock product.

On-Time Delivery

A critical element of the Company's customer service is consistent on-time delivery of products to its customers. Retailers are pursuing a number of strategies to deliver the highest-quality, lowest-cost products to their customers. A growing trend among retailers is to purchase on a "just-in-time" basis in order to reduce inventory costs and increase returns on investment. As retailers shorten their lead times for orders, manufacturers need to more closely anticipate consumer buying patterns. The Company supports its retail customers' "just-in-time" inventory strategies through investments in improved forecasting systems, more responsive manufacturing and distribution capabilities and electronic communications. The Company manufactures the vast majority of its products and has extensive experience in high-volume, cost-effective manufacturing. The high-volume nature of its manufacturing processes and the relatively consistent demand for its products enables the Company to ship most products directly from its factories without the need for independent warehousing and distribution centers. For 1997,

approximately 98% of the items ordered by customers were shipped on time, typically within two to three days of the customer's order.

Marketing and Merchandising

The Company's objective is to develop long-term, mutually beneficial partnerships with its customers and become their supplier of choice. To achieve this goal, the Company has a value-added marketing program that offers a family of leading brand name staple products, tailored sales programs, innovative merchandising support, in-store services and responsive top management.

The Company's merchandising skills help customers stimulate store traffic and sales through timely advertising and innovative promotions. The Company also assists customers in differentiating their offerings by customizing products and packaging. Through self-selling packaging and displays that emphasize good-better-best value relationships, retail customers are encouraged to trade up to higher-value, best quality products.

Customer service also involves customer contact with top-level decision makers at the Company's divisions. As part of its decentralized structure, the Company's division presidents are the chief marketing officers of their product lines and communicate directly with customers. This structure permits early recognition of market trends and timely response to customer problems.

Multi-Product Offering

The Company's increasingly broad product coverage in multiple product lines permits it to more effectively meet the needs of its customers. With families of leading, brand name products and profitable new products, the Company also can help volume purchasers sell a more profitable product mix. As a potential single source for an entire product line, the Company can use program merchandising to improve product presentation, optimize display space for both sales and income and encourage impulse buying by retail customers.

Corporate Structure

By decentralizing its manufacturing and marketing efforts while centralizing key administrative functions, the Company seeks to foster a responsive entrepreneurial culture. The Company's divisions concentrate on designing, manufacturing, merchandising, selling and servicing their products, which facilitates product development and responsiveness to customers. Administrative functions that are centralized at the corporate level include cash management, accounting systems, capital expenditure approvals, order processing, billing, credit, accounts receivable, data processing operations and legal functions. Centralization concentrates technical expertise in one

location, making it easier to observe overall business trends and manage the Company's businesses.

BACKLOG

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The dollar value of unshipped factory orders is not material.

SEASONAL VARIATIONS

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The Company's product groups are only moderately affected by seasonal trends. Hardware and Home Furnishings products have higher sales in the second and third quarters due to an increased level of do-it-yourself projects completed in the summer months; Office Products have higher sales in the second and third quarters due to the back-to-school season; and Housewares products typically have higher sales in the second half of the year due to retail stocking related to the holiday season. Because these seasonal trends are moderate, the Company's consolidated quarterly sales do not fluctuate significantly, unless a significant acquisition is made.

FOREIGN OPERATIONS

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Information regarding the Company's 1997, 1996 and 1995 foreign operations is included in note 14 to the consolidated financial statements and is hereby incorporated by reference.

RAW MATERIALS

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The Company has multiple foreign and domestic sources of supply for substantially all of its material requirements. The raw materials and various purchased components required for its products have generally been available in sufficient quantities.

PATENTS AND TRADEMARKS

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The Company has many patents, trademarks and trade names, none of which is considered material to the consolidated operations.

COMPETITION

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The rapid growth of high-volume retailers, such as discount stores and warehouse clubs, home centers and hardware stores, and office superstores and contract stationers, together with changes in consumer shopping patterns, have contributed to a significant consolidation of the U.S. retail industry and the formation of dominant multi-category retailers. Other trends among retailers are to require manufacturers to maintain or reduce product prices or deliver products with shorter lead times, or for the retailer to

import generic products directly from foreign sources. The combination of these market influences creates a highly competitive environment in which the Company's principal customers continuously evaluate which product suppliers to use, resulting in pricing pressures and the need for ongoing improvements in customer service.

For more than 30 years, the Company has positioned itself to respond to the challenges of this retail environment by developing strong relationships with large, high-volume purchasers. The Company markets its strong multi-product offering through virtually every category of high-volume retailer, including discount, drug, grocery and variety chains, warehouse clubs, department, hardware and specialty stores, home centers, office superstores, contract stationers and military exchanges. The Company's largest customer, Wal-Mart, accounted for approximately 15% of net sales in 1997. Other top ten customers included Kmart, The Home Depot, The Office Depot, Target, JC Penney, Sam's Club, United Stationers, Hechinger and Office Max.

The Company's other principal methods of meeting its competitive challenges are high brand name recognition, superior customer service (including industry leading information technology, innovative "good-better-best" marketing and merchandising programs), consistent on-time delivery, decentralized manufacturing and marketing, centralized administration, and experienced management.

ENVIRONMENT

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Information regarding the Company's environmental matters is included in the Management's Discussion and Analysis section of this report and in note 15 to the consolidated financial statements and is hereby incorporated by reference.

EMPLOYEES

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The Company has approximately 24,600 employees, of whom approximately 6,400 are covered by collective bargaining agreements.

Item 2. Properties

The following table shows the location and general character of the principal operating facilities owned or leased by the Company. The executive offices are located in Beloit, Wisconsin, which is an owned facility occupying approximately 9,000 square feet. Other Corporate offices are located in Illinois in owned facilities at Freeport (occupying 73,000 square feet) and Rockford (occupying 7,000 square feet). Most of the idle facilities, which are excluded from the following list, are subleased while being held pending sale or lease expiration. The Company considers its properties to be in generally good condition and well-maintained, and are generally suitable and adequate to carry on the Company's business. The properties are used for manufacturing ("M"), distribution ("D") and administrative offices ("A").

Location	City	Owned or Exp. Date if Leased	General Character
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UNITED STATES			
Arizona	Phoenix	09/04	M & D
California	Irvine	Owned	M & D
	Vista	06/03	M & D
	Westminster	09/02	M
	Westminster	05/99	M
Connecticut	Beacon Falls	Owned	M
Georgia	Athens	Owned	M
	Columbus	Owned	D
	Manchester	Owned	M
	Peachtree City	Owned	A
Illinois	Bellwood	Owned	M & A
	Bellwood	11/99	M, D & A
	Freeport	10/05	D
	Freeport	Owned	A
	Freeport	Owned	M, D & A
	Mundelein	09/98	M & A
	Rockford	Owned	M, D & A
	Rockford	Owned	A
	South Holland	01/02	M
Waukegan	07/98	D	
Indiana	Lowell	Owned	M, D & A
	Middlebury	Owned	M
Michigan	Sturgis	Owned	M, D & A

Location	City	Owned or Exp. Date if Leased	General Character
Minnesota	Coon Rapids	Owned	M
	Eagan	01/99	D
	St. Paul	Owned	M & A
Missouri	Fenton	11/99	A
	Fenton	11/99	D
	Jackson	Owned	M, D & A
	Kansas City	12/05	M, D & A
Nebraska	Omaha	09/98	D
New Hampshire	Claremont	Owned	M & D
	Claremont	10/00	D
New Jersey	Rockaway	03/02	M
New York	Medina	Owned	M, D & A
	Ogdensburg	Owned	M & A
North Carolina	High Point	Owned	M
	Statesville	Owned	M & D
	Statesville	05/98	D
Ohio	Bremen	Owned	M
	Lancaster	M-T-M	M
	Lancaster	Owned	M, D & A
Pennsylvania	Ambridge	M-T-M	D
	Elysburg	M-T-M	D
	Monaca	Owned	M & A
	Monaca	10/03	D
	Shamokin	Owned	M & D
	Wampum	M-T-M	D
Puerto Rico	Carolina	06/98	D & A
	Moca	04/02	M & A
Rhode Island	North Smithfield	05/00	A
Tennessee	Covington	Owned	M & D
	Johnson City	12/98	D
	Johnson City	Owned	M
	Lewisburg	Owned	M, D & A
	Maryville	Owned	M, D & A
	Memphis	12/02	M & D
	Shelbyville	Owned	M, D & A
Texas	Taylor	Owned	M, D & A
	Waco	Owned	M

Location	City	Owned or Exp. Date if Leased	General Character
-----	-----	-----	-----
Utah	Ogden	Owned	M
	Salt Lake City	04/98	M
Wisconsin	Beloit	Owned	A
	Chilton	Owned	M
	Madison	01/99	D
	Madison	M-T-M	D
	Madison	Owned	M, D & A
	Manitowoc	04/99	D
	Manitowoc	Owned	M, D & A
St. Francis	Owned	M, D & A	
CANADA			
Alberta	Calgary	07/01	M
Ontario	Mississauga	Owned	M & D
	Oakville	10/99	D
	Pickering	03/07	D
	Prescott	12/99	M, D & A
	Prescott	Owned	M & D
	Richmond Hills	10/00	A
	Toronto	08/00	M & A
	Watford	01/04	M, D & A
Weston	M-T-M	A	
EUROPE			
Belgium	Zellick	08/98	D & A
France	Ablis	02/06	D
	Avon	11/99	A
	Chateauroux	Owned	M, D & A
	Mitry Mory	03/01	D & A
Germany	Hamburg	05/99	A
	Muhlthal	Owned	M, D & A
Italy	Milan	12/01	A
	Milan	06/98	D & A
	Milan	04/99	D
Portugal	Lisbon	M-T-M	D
	Oporto	Owned	D
Spain	Barcelona	Owned	D
	Madrid	01/99	A
	Madrid	Owned	D
	Malaga	Owned	D
	Tenerife	M-T-M	D
	Vitoria	Owned	M

Location	City	Owned or Exp. Date if Leased	General Character
-----	-----	-----	-----
Sweden	Malmo	Owned	M & A
	Malmo	M-T-M	M & D
United Kingdom	Bath Road	06/07	A
	Dunstable	02/05	D & A
	King's Lynn	Owned	M, D & A
	Sunderland	Owned	M
	Sunderland	11/99	D
	Sunderland	12/00	D
	Tipton	M-T-M	D
LATIN AMERICA			
Colombia	Bogota	Owned	M, D & A
Mexico	Durango	Owned	M
	Estado de Mexico	07/99	D & A
	Tlalnepantla	Owned	M, D & A
Venezuela	Maracay	Owned	M, D & A
	La Hamaca	Owned	M & D
	San Vicente	Owned	M
ASIA			
Australia	Noble Park	06/00	D & A

Item 3. Legal Proceedings

Information regarding legal proceedings is included in note 15 to the consolidated financial statements and is hereby incorporated by reference herein.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of the Company's shareholders during the fourth quarter of fiscal year 1997.

Supplementary Item - Executive Officers of the Registrant as of 12/31/97

Name	Age	Present Position With the Company
-----	---	-----
William P. Sovey	64	Vice Chairman and Chief Executive Officer through December 31, 1997; Chairman of the Board effective January 1, 1998
John J. McDonough	61	Vice Chairman and Chief Executive Officer effective January 1, 1998
Thomas A. Ferguson, Jr.	50	President and Chief Operating Officer
Donald L. Krause	58	Senior Vice President-Corporate Controller
William T. Alldredge	57	Vice President-Finance
Richard C. Dell	51	Group President
William J. Denton	53	Group President
William K. Doppstadt	65	Vice President-Personnel Relations

William P. Sovey became Chairman of the Board effective January 1, 1998. He was Vice Chairman and Chief Executive Officer from May 1992 through December 1997. From January 1986 through May 1992, he was President and Chief Operating Officer.

John J. McDonough was elected Vice Chairman and Chief Executive Officer of the Company effective January 1, 1998. He has been a Director of the Company since 1992 and was Senior Vice President-Finance of the Company from November 1981 through June 1983. Mr. McDonough has also been President and Chief Executive Officer of McDonough Capital Company LLC (an investment management company) since April 1995. Prior thereto, he was Vice Chairman and a Director of Dentsply International Inc. (a manufacturer and distributor of dental and medical x-ray equipment and other dental products) from 1983 through October 1995, and was Chief Executive Officer from April 1983 through February 1995.

Thomas A. Ferguson, Jr. has been President and Chief Operating Officer since May 1992. From January 1989 to May 1992, he was President-Operating Companies.

Donald L. Krause was appointed Senior Vice President-Corporate Controller in March 1990. He was President-Industrial Companies from February 1988 to March 1990.

William T. Alldredge has been Vice President-Finance of the Company since August 1983.

Richard C. Dell has been Group President since June 1992. He was President of Amerock from November 1989 to June 1992. He was President of EZ Paints from September 1987 to November 1989.

William J. Denton has been Group President since March 1990. From April 1989 to March 1990, he was Vice President-Corporate Controller. He was President of Anchor Hocking Glass from August 1987 to April 1989.

William K. Doppstadt was Vice President-Personnel Relations of the Company from 1974 through his retirement on December 31, 1997. Mr. Doppstadt continues to serve the Company as a consultant for personnel relations.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock is listed on the New York and Chicago Stock Exchanges (symbol: NWL). As of December 31, 1997, there were 15,858 stockholders of record. The following table sets forth the high and low sales prices of the Common Stock on the New York Stock Exchange Composite Tape (as published in the Wall Street Journal) for the calendar periods indicated.

	1997		1996		1995	
	High	Low	High	Low	High	Low
Quarters:						
First	\$38 3/8	\$30 3/8	\$28 7/8	\$25 5/8	\$25 1/2	\$20 5/8
Second	40 1/16	36 7/8	32	25 1/2	25	22 1/4
Third	43 1/4	37 1/2	32	28 1/2	26 1/4	23 5/8
Fourth	43 3/16	35 1/8	33 1/4	28 1/4	27 1/4	23 43/64

The Company has paid regular cash dividends on its Common Stock since 1947. On February 10, 1998, the quarterly cash dividend was increased to \$0.18 per share from the \$0.16 per share that had been paid since February 11, 1997. Prior to this date, the quarterly cash dividend paid was \$0.14 per share since February 6, 1996, which was an increase from the \$0.12 per share paid since May 11, 1995.

On December 12, 1997, the Company completed a private placement of \$500,000,000 5.25% Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust with a liquidation preference of \$50 per security (the "Convertible Preferred Securities"). The trust sold the Convertible Preferred Securities to the Initial Purchasers in reliance on Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). The Initial Purchasers of the Convertible Preferred Securities were Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Robert W. Baird & Co. Incorporated, Bear Stearns & Co. Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated, which received an aggregate discount of \$12.50 million. The Initial Purchasers sold \$496,450,000 liquidation preference of the Convertible Preferred Securities in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The Initial Purchasers or their international affiliates also sold \$3,550,000 liquidation preference of the Convertible Preferred Securities outside the United States in reliance on Regulation S under the Securities Act. Each Convertible Preferred Security is convertible at any time in a prescribed manner at the option of the holder into shares of common stock, par value \$1.00 per share, of the Company ("Company Common Stock") at the rate of 0.9865 shares of Company Common Stock for each Convertible Preferred Security (equivalent to an approximate conversion price of \$50.685 per share of Company Common Stock), subject to adjustment under certain circumstances.

Item 6. Selected Financial Data

The following is a summary of certain consolidated financial information relating to the Company at December 31. The summary has been derived in part from, and should be read in conjunction with, the consolidated financial statements of the Company included elsewhere in this report and the schedules thereto.

	1997	1996	1995	1994	1993
	----	----	----	----	----
	(In millions, except per share data)				
INCOME STATEMENT DATA					
Net sales	\$3,234.3	\$2,872.8	\$2,498.4	\$2,074.9	\$1,645.0
Cost of products sold	2,188.4	1,965.5	1,715.6	1,403.8	1,101.7
	-----	-----	-----	-----	-----
Gross income	1,045.9	907.3	782.8	671.1	543.3
Selling, general and administrative expenses	474.3	421.6	363.3	313.2	257.2
	-----	-----	-----	-----	-----
Operating income	571.6	485.7	419.5	357.9	286.1
Nonoperating expenses (income):					
Interest expense	73.6	57.0	49.8	30.0	19.1
Other, net	17.2	4.1	(1.1)	(1.4)	(8.5)
	-----	-----	-----	-----	-----
Net	90.8	61.1	48.7	28.6	10.6
Income before income taxes	480.8	424.6	370.8	329.3	275.5
Income taxes	190.4	168.1	148.3	133.7	110.2
	-----	-----	-----	-----	-----
Net income	\$ 290.4	\$ 256.5	\$ 222.5	\$ 195.6	\$ 165.3
	=====	=====	=====	=====	=====
Earnings Per Share					
Basic	\$ 1.83	\$ 1.62	\$ 1.41	\$ 1.24	\$ 1.05
Diluted	\$ 1.82	\$ 1.61	\$ 1.40	\$ 1.24	\$ 1.05
Dividends per share	\$ 0.64	\$ 0.56	\$ 0.46	\$ 0.39	\$ 0.35
Weighted Average Shares Outstanding					
Basic	159.1	158.8	158.2	157.8	157.3
Diluted	160.2	159.2	158.5	158.0	157.7
	-----	-----	-----	-----	-----
	1997	1996	1995	1994	1993
	----	----	----	----	----
	(In millions)				
BALANCE SHEET DATA					
Inventories	\$ 625.2	\$ 509.5	\$ 509.2	\$ 420.7	\$ 301.0
Working Capital	717.6	471.1	452.6	133.6	76.7
Total assets	3,943.8	3,005.1	2,927.1	2,488.3	1,952.9
Short-term debt	51.9	104.1	163.0	309.1	247.2
Long-term debt, net of current maturities	784.0	672.0	761.6	409.0	218.1
Stockholders' equity	1,714.3	1,491.8	1,296.0	1,125.3	979.1

1993

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On April 30, 1993, the Company acquired substantially all of the assets of Levolor Corporation ("Levolor"), a manufacturer and distributor of decorative window coverings. On September 22, 1993, the Company acquired Lee Rowan Company, a manufacturer and marketer of coated wire storage and organization products. On November 9, 1993, the Company acquired Goody Products, Inc. ("Goody"), a manufacturer and marketer of personal consumer products, including hair accessories and beauty organizers. For these and other minor 1993 acquisitions, the Company paid \$293.1 million in cash (excluding the \$13.1 million of Goody Common Stock that the Company owned prior to the acquisition) and assumed \$30.7 million of debt.

These transactions were accounted for as purchases; therefore, results of operations are included in the accompanying consolidated financial statements since their respective dates of acquisition. The acquisition costs were allocated to the fair market value of the assets acquired and liabilities assumed and resulted in trade names and goodwill of approximately \$208.2 million.

1994

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On August 29, 1994, the Company acquired the decorative window coverings business of Home Fashions, Inc. ("HFI"), including vertical blinds and pleated shades sold under the Del Mar{R} and LouverDrape{R} brand names. These HFI assets were combined with Levolor and together they are operated as a single entity called Levolor Home Fashions. On October 18, 1994, the Company acquired Faber-Castell Corporation ("Faber"), a maker and marketer of markers and writing instruments, including wood-cased pencils and rolling ball pens, sold under the Eberhard Faber{R} brand name. Faber was combined with Sanford and together they are operated as a single entity called Sanford. On November 30, 1994, the Company acquired the European consumer products business of Corning Incorporated (now known as "Newell Europe"). This acquisition included Corning's consumer products manufacturing facilities in England, France and Germany, the European trademark rights and product lines for Pyrex{R}, Pyroflam{R} and Visions{R} brands in Europe, the Middle East and Africa, and Corning's consumer distribution network throughout these areas under exclusive license from Corning Incorporated. Additionally, the Company became the distributor in Europe, the Middle East and Africa for Corning's U.S. manufactured cookware and dinnerware brands. For these and other minor 1994 acquisitions, the Company paid \$360.8 million in cash and assumed \$12.8 million of debt.

These transactions were accounted for as purchases; therefore, results of operations are included in the accompanying consolidated financial statements since their respective dates of acquisition. The acquisition costs were allocated to the fair market value of the assets acquired and liabilities assumed and resulted in trade names and goodwill of approximately \$202.2 million.

Subsequent Years

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Information regarding businesses acquired in the last three years is included in note 2 to the consolidated financial statements.

QUARTERLY SUMMARIES

Summarized quarterly data for the last three years is as follows (unaudited):

Calendar Year	1st	2nd	3rd	4th	Year
- - - - -	---	---	---	---	---
	(In millions, except per share data)				
1997					
- - - - -					
Net sales	\$629.4	\$800.9	\$889.9	\$914.1	\$3,234.3
Gross income	189.3	265.8	286.7	304.1	1,045.9
Net income	37.8	77.8	84.2	90.6	290.4
Earnings per share:					
Basic	0.24	0.49	0.53	0.57	1.83
Diluted	0.24	0.49	0.53	0.56	1.82
1996					
- - - - -					
Net sales	\$618.2	\$735.1	\$761.9	\$757.6	\$2,872.8
Gross income	181.3	235.8	243.7	246.5	907.3
Net income	33.2	67.7	74.6	81.0	256.5
Earnings per share:					
Basic	0.21	0.43	0.47	0.51	1.62
Diluted	0.21	0.43	0.47	0.50	1.61
1995					
- - - - -					
Net sales	\$556.6	\$621.3	\$651.3	\$669.2	\$2,498.4
Gross income	166.8	189.5	207.2	219.3	782.8
Net income	36.1	54.9	65.1	66.4	222.5
Earnings per share:					
Basic	0.23	0.35	0.41	0.42	1.41
Diluted	0.23	0.35	0.41	0.41	1.40

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto.

Introduction

The Company's primary financial goals are to increase sales and earnings per share an average of 15% per year, to achieve an annual return on beginning equity ("ROE") of 20% or above, to increase dividends per share in line with earnings growth, and to maintain a prudent ratio of total debt to total capitalization, net of cash ("leverage"). The Company has achieved these goals over the last ten years, increasing sales and earnings per share at compound annual rates of 15% and 17%, respectively, averaging 21% ROE, increasing dividends per share at a compound annual rate of 19% and averaging 26% leverage. The Company believes that the principal factors affecting its ability to achieve these objectives in the future are likely to be the realized rates of both acquisition and internal growth and the Company's continued ability to integrate acquired businesses through a process called "Newellization."

Since 1990, the Company has nearly tripled its sales by acquiring businesses with aggregate annual sales of more than \$2 billion. The rate at which the Company can integrate these recent acquisitions to meet the Company's standards of profitability may affect near-term financial results. Over the longer term, the Company's ability both to make and to integrate strategic acquisitions will impact the Company's financial results.

The Company pursues internal growth by introducing new products, entering new domestic and international markets, adding new customers, cross-selling existing product lines to current customers and supporting its U.S. based customers' international expansion. The Company's goal is to achieve an internal growth rate of 3-5% per year, and over the last five years, has achieved an average of 4% annual internal growth. Internal growth is defined by the Company as growth from its "core businesses," which include continuing businesses owned more than two years and minor acquisitions. The Company believes that its future internal growth will likely depend on its continued success in these areas, as well as external factors.

RESULTS OF OPERATIONS

The following table sets forth for the period indicated items from the Consolidated Statements of Income as a percentage of net sales at December 31:

	1997	1996	1995
	----	----	----
Net sales	100.0%	100.0%	100.0%
Cost of products sold	67.7	68.4	68.7
	-----	-----	-----
Gross income	32.3	31.6	31.3
Selling, general and administrative expenses	14.6	14.7	14.5
	-----	-----	-----
Operating income	17.7	16.9	16.8
Nonoperating expenses:			
Interest expense	2.3	2.0	2.0
Other, net	0.5	0.1	-
	-----	-----	-----
Net	2.8	2.1	2.0
	-----	-----	-----
Income before income taxes	14.9	14.8	14.8
Income taxes	5.9	5.9	5.9
	-----	-----	-----
Net income	9.0%	8.9%	8.9%
	=====	=====	=====

1997 vs. 1996

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Net sales for 1997 were \$3,234.3 million, representing an increase of \$361.5 million or 12.6% from \$2,872.8 million in 1996. The overall increase in net sales was primarily attributable to contributions from Rolodex (acquired in March 1997), Kirsch (acquired in May 1997), Eldon (acquired in June 1997) and 3% internal growth. The 1997 acquisitions are described in note 2 to the consolidated financial statements.

As of September 30, 1997, the Company began to present sales information for its various product categories in three groups rather than four groups. The Company's three product groups are Hardware and Home Furnishings, Office Products and Housewares. The Company believes that this presentation is appropriate because it organizes its product categories into these groups when making operating decisions and assessing performance, and the Company divisions included in each group sell primarily to the same retail channel: Hardware and Home Furnishings (home centers and hardware stores), Office Products (office superstores and contract stationers) and Housewares (discount stores and warehouse clubs). For ease of comparison with previously published data, certain information is also

included separately for Hardware and Tools and Home Furnishings which now comprise a single product group.

Net sales for each of the Company's product groups (and the primary reasons for the increases) were as follows, in millions:

	Year Ended December 31,		
	1997	1996	% Change
Home Furnishings	\$1,092.2	\$ 916.2	
Hardware and Tools	392.6	383.1	
	1,484.8	1,299.3	14.3%(1)
Office Products	899.2	741.8	21.2%(2)
Housewares	850.3	831.7	2.2%(3)
	\$3,234.3	\$2,872.8	12.6%

Primary Reasons for Increases:

- (1) 2% internal growth and Kirsch (May 1997) acquisition
- (2) 6% internal growth and Rolodex (March 1997) and Eldon (June 1997) acquisitions
- (3) Internal growth

Gross income as a percent of net sales in 1997 was 32.3% or \$1,045.9 million versus 31.6% or \$907.3 million in 1996. Gross margins improved as a result of cost savings achieved through the integration of several picture frame businesses acquired by the Company in recent years, profitability improvement at the Company's Levolor Home Fashions division and increased gross margins at several of the Company's other core businesses. The increase in gross margins was offset partially by 1997 acquisitions which had gross margins lower than the Company's average gross margins. As these acquisitions are integrated, the Company expects its gross margins to improve.

Selling, general and administrative expenses ("SG&A") in 1997 were 14.6% of net sales or \$474.3 million versus 14.7% or \$421.6 million in 1996. Core business SG&A spending as a percentage of sales decreased primarily as a result of cost savings arising from the picture frame business integration. This decrease was offset partially by the 1997 acquisitions, which had higher SG&A than the Company's average SG&A as a percent of net sales. As these acquisitions are integrated, the Company expects its SG&A spending as a percentage of net sales to decline.

Operating income in 1997 was 17.7% of net sales or \$571.6 million versus 16.9% or \$485.7 million in 1996. The increase in operating margins was primarily due to cost savings as a result of the picture frame business integration, profitability improvement at the Company's Levolor Home Fashions division and increased core business gross

margins, offset partially by 1997 acquisitions which had average operating margins lower than the Company's average operating margins.

Net nonoperating expenses in 1997 were 2.8% of net sales or \$90.8 million versus 2.1% or \$61.1 million in 1996. The \$29.7 million increase was due primarily to a \$16.6 million increase in interest expense and an \$8.3 million increase in amortization of trade names and goodwill (as a result of additional borrowings and capitalized goodwill related to the 1997 acquisitions), and a \$7.0 million decrease in dividend income. Dividend income decreased as a result of the conversion on October 15, 1996 by The Black & Decker Corporation ("Black & Decker") of 150,000 shares of privately placed Black & Decker convertible preferred stock, Series B, owned by the Company (purchased at a cost of \$150.0 million) into 6.4 million shares of Black & Decker Common Stock. Prior to conversion, the preferred stock paid a 7.75% cumulative dividend, aggregating \$2.9 million per quarter, before the effect of income taxes. If Black & Decker continues to pay dividends at the current rate (\$0.12 per share of Black & Decker Common Stock quarterly), the dividends paid to the Company on the shares of Black & Decker Common Stock owned by the Company as a result of the conversion would total \$0.8 million per quarter, before the effect of income taxes. For supplementary information regarding other nonoperating expenses, see note 13 to the consolidated financial statements.

For both 1997 and 1996, the effective tax rate was 39.6%. See note 12 to the consolidated financial statements for an explanation of the effective tax rate.

Net income for 1997 was \$290.4 million, representing an increase of \$33.9 million or 13.2% from 1996. Basic earnings per share in 1997 increased 13.0% to \$1.83 versus \$1.62 in 1996; diluted earnings per share in 1997 increased 13.0% to \$1.82 versus \$1.61 in 1996. The increases in net income and earnings per share were primarily attributable to cost savings arising from the picture frame business integration, profitability improvement at the Company's Levolor Home Fashions division, cost savings as a result of the Kirsch integration into the Newell Window Furnishings division and increased operating margins at several of the Company's other core businesses.

1996 vs. 1995

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Net sales for 1996 were \$2,872.8 million, representing an increase of \$374.4 million or 15.0% from \$2,498.4 million in 1995. The overall increase in net sales was primarily attributable to contributions from the 1995 acquisitions of Decorel and Berol, the 1996 acquisition of Holson Burnes, and internal growth of 4%. The 1995 and 1996 acquisitions are described in note 2 to the consolidated financial statements.

Net sales for each of the Company's product groups (and the primary reasons for the increases) were as follows, in millions:

	Year Ended December 31,		
	1996	1995	% Change
Home Furnishings	\$ 916.2	\$ 732.3	
Hardware and Tools	383.1	364.3	
	1,299.3	1,096.6	18.5%(1)
Office Products	741.8	582.2	27.4%(2)
Housewares	831.7	819.6	1.5%(3)
	\$2,872.8	\$2,498.4	15.0%
	=====	=====	

Primary Reasons for Increases:

- (1) 5% internal growth and Decorel (October 1995) and Holson Burnes (January 1996) acquisitions
- (2) 3% internal growth and Berol (November 1995) acquisition
- (3) 4% internal growth offset by weaker than expected sales at Newell Europe as a result of soft European retail conditions

Gross income as a percent of net sales for 1996 was 31.6% or \$907.3 million versus 31.3% or \$782.8 million in 1995. Gross margins improved slightly, primarily as a result of increases in gross margins from the businesses acquired in 1995 and 1994.

SG&A in 1996 was 14.7% of net sales or \$421.6 million versus 14.5% or \$363.3 million in 1995. There was no material change in spending at the core businesses; the increase as a percentage of sales was primarily due to SG&A at Holson Burnes.

Net nonoperating expenses for 1996 were 2.1% of net sales or \$61.1 million versus 2.0% or \$48.7 million in 1995. The \$12.4 million increase was due to a \$7.2 million increase in interest expense and a \$4.3 million increase in amortization of trade names and goodwill (as a result of additional borrowings and capitalized goodwill related to the 1995 and 1996 acquisitions). For supplementary information regarding other nonoperating expenses, see note 13 to the consolidated financial statements.

The effective tax rate was 39.6% in 1996 versus 40.0% in 1995. See note 12 to the consolidated financial statements for an explanation of the effective tax rate.

Net income for 1996 was \$256.5 million, representing an increase of \$34.0 million or 15.3% from 1995. Basic earnings per share in 1996 increased 14.9% to \$1.62 versus \$1.41 in 1995; diluted earnings per share in 1996 increased 15.0% to \$1.61 versus \$1.40 in 1995. The increases in net income and earnings per share were primarily attributable to contributions from Berol (net of associated interest

expense and goodwill amortization) and an improvement in operating margins at several of the core businesses.

International Operations

The Company's non-U.S. business is growing at a faster pace than its business in the United States. This growth outside the U.S. has been fueled by recent international acquisitions, which supplemented sales of the Company's existing Canadian businesses and sales of Newell International, the Company's subsidiary responsible for the majority of exports of the Company's products. For the year ended December 31, 1997, the Company's non-U.S. business accounted for approximately 17% of sales and 14% of operating income (see note 14 to the consolidated financial statements). Growth of both the U.S. and the non-U.S. businesses is shown below, dollars in millions:

	Year Ended December 31,		
	1997	1996	% Change
	-----	-----	-----
	(in millions)		
Net sales:			
- U.S.	\$2,694.7	\$2,458.2	9.6%
- Non-U.S.	539.6	414.6	30.2
	-----	-----	
Total	\$3,234.3	\$2,872.8	12.6%
	=====	=====	
Operating income:			
- U.S.	\$ 494.5	\$ 437.7	13.0%
- Non-U.S.	77.1	48.0	60.6
	-----	-----	
Total	\$ 571.6	\$ 485.7	17.7%
	=====	=====	

	Year Ended December 31,		
	1996	1995	% Change
	-----	-----	-----
	(in millions)		
Net sales:			
- U.S.	\$2,458.2	\$2,157.0	14.0%
- Non-U.S.	414.6	341.4	21.4
	-----	-----	
Total	\$2,872.8	\$2,498.4	15.0%
	=====	=====	
Operating income:			
- U.S.	\$ 437.7	\$ 389.1	12.5%
- Non-U.S.	48.0	30.4	57.9
	-----	-----	
Total	\$ 485.7	\$ 419.5	15.8%
	=====	=====	

LIQUIDITY AND CAPITAL RESOURCES

Sources:

The Company's primary sources of liquidity and capital resources include cash provided from operations and use of available borrowing facilities.

Cash provided by operating activities in 1997 was \$387.1 million, representing an increase of \$19.8 million from \$367.3 million for 1996, primarily due to an increase in net income.

Cash provided by financing activities totaled \$449.1 million in 1997, primarily due to proceeds from the issuance of Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust. These proceeds, which were obtained in December 1997, were used to pay down commercial paper, which was used to fund the earlier 1997 acquisitions.

The Company has short-term foreign and domestic uncommitted lines of credit with various banks which are available for short-term financing. Borrowings under the Company's uncommitted lines of credit are subject to discretion of the lender. The Company's uncommitted lines of credit do not have a material impact on the Company's liquidity. Borrowings under the Company's uncommitted lines of credit at December 31, 1997 totaled \$39.2 million.

During 1997, the Company amended and restated its revolving credit agreement to permit the Company to borrow, repay and reborrow funds in an aggregate amount up to \$1.3 billion, at a floating interest rate. The revolving credit agreement will terminate in August 2002. At December 31, 1997, there were no borrowings under the revolving credit agreement.

In lieu of borrowings under the Company's revolving credit agreement, the Company may issue up to \$1.3 billion of commercial paper. The Company's revolving credit agreement provides the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may only be issued up to the amount available for borrowing under the Company's revolving credit agreement. At December 31, 1997, \$517.0 million (principal amount) of commercial paper was outstanding. The entire amount is classified as long-term debt.

The Company has a universal shelf registration statement under which the Company may issue up to \$500.0 million of debt and equity securities, subject to market conditions. At December 31, 1997, the Company had not yet issued any securities under that registration statement.

At December 31, 1997, the Company had outstanding \$263.0 million (principal amount) of medium-term notes issued under a previous shelf

registration statement with maturities ranging from five to ten years at an average rate of interest equal to 6.3%.

Uses:

- - - - -

The Company's primary uses of liquidity and capital resources include acquisitions, dividend payments and capital expenditures.

Cash used in acquiring businesses was \$715.3 million, \$58.2 million and \$187.8 million in 1997, 1996 and 1995, respectively. In 1997, the Company acquired Rolodex, Kirsch and Eldon and made other minor acquisitions for cash purchase prices totaling \$737.8 million. In 1996, the Company acquired Holson Burnes and completed other minor acquisitions for consideration that included cash of \$42.6 million. In 1995, the Company completed acquisitions with total cash purchase prices of \$210.6 million. All of these acquisitions were accounted for as purchases and were paid for with proceeds obtained from the issuance of commercial paper, medium-term notes, notes payable under the Company's lines of credit or shares of the Company's Common Stock.

Capital expenditures were \$98.4 million, \$94.2 million and \$82.6 million in 1997, 1996 and 1995, respectively.

The Company has paid regular cash dividends on its Common Stock since 1947. On February 10, 1998, the quarterly cash dividend was increased to \$0.18 per share from the \$0.16 per share that had been paid since February 11, 1997. Prior to this date, the quarterly cash dividend paid was \$0.14 per share since February 6, 1996, which was an increase from the \$0.12 per share paid since May 11, 1995. Dividends paid during 1997, 1996 and 1995 were \$101.8 million, \$88.9 million and \$72.8 million, respectively.

Retained earnings increased in 1997, 1996 and 1995 by \$188.6 million, \$167.6 million and \$149.7 million, respectively. The average dividend payout ratio to Common stockholders in 1997, 1996 and 1995 was 35%, 35% and 33%, respectively (represents the percentage of earnings per share paid in cash to stockholders).

Working capital at December 31, 1997 was \$717.6 million compared to \$471.1 million at December 31, 1996 and \$452.6 million at December 31, 1995. The current ratio at December 31, 1997 was 2.08:1 compared to 1.74:1 at December 31, 1996 and 1.67:1 at December 31, 1995. Working capital and the current ratio increased in 1997 as a result of the 1997 acquisitions.

Total debt to total capitalization (total debt is net of cash and cash equivalents, and total capitalization includes total debt, Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust and stockholders' equity) was .27:1 at December 31, 1997, .34:1 at December 31, 1996 and .40:1 at December 31, 1995.

The Company believes that cash provided from operations and available borrowing facilities will continue to provide adequate support for the cash needs of existing businesses; however, certain events, such as significant acquisitions, could require additional external financing.

Environmental Matters

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As of December 31, 1997, the Company was involved in various matters concerning federal and state environmental laws and regulations, including 35 matters in which they have been identified by the U.S. Environmental Protection Agency and certain state environmental agencies as potentially responsible parties ("PRPs") at contaminated sites under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and equivalent state laws. In assessing its environmental response costs, the Company has considered several factors, including: the extent of the Company's volumetric contribution at each site relative to that of other PRPs; the kind of waste; the terms of existing cost sharing and other applicable agreements; the financial ability of other PRPs to share in the payment of requisite costs; the Company's prior experience with similar sites; environmental studies and cost estimates available to the Company; the effects of inflation on cost estimates; and the extent to which the Company's and other parties' status as PRPs are disputed. Based on information available to it, the Company's estimate of environmental response costs associated with these matters as of December 31, 1997 ranged between \$16.7 million and \$24.1 million. As of December 31, 1997, the Company had a reserve equal to \$20.3 million for such environmental response costs in the aggregate. No insurance recovery was taken into account in determining the Company's cost estimates or reserve, nor do the Company's cost estimates or reserve reflect any discounting for present value purposes. Because of the uncertainties associated with environmental investigations and response activities, the possibility that the Company could be identified as a PRP at sites identified in the future that require the incurrence of environmental response costs and the possibility of additional sites as a result of businesses acquired, actual costs to be incurred by the Company may vary from the Company's estimates. Subject to difficulties in estimating future environmental response costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of amounts reserved will have a material effect on its consolidated financial statements.

Market Risk

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The Company's market risk is impacted by changes in interest rates, foreign currency exchange rates, and certain commodity prices. Pursuant to the Company's policies, natural hedging techniques and derivative financial instruments may be utilized to reduce the impact of adverse changes in market prices. The Company does not hold or issue derivative instruments for trading purposes, and has no material

sensitivity to changes in market rates and prices on its derivative financial instrument positions.

The Company's primary market risk is interest rate exposure, primarily in the United States. The Company manages interest rate exposure through its conservative debt ratio target and its mix of fixed and floating rate debt. Interest rate exposure was reduced significantly in 1997 from the issuance of \$500 million 5.25% Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust, the proceeds of which reduced commercial paper. Interest rate swaps may be used to adjust interest rate exposures when appropriate based on market conditions, and, for qualifying hedges, the interest differential of swaps is included in interest expense.

The Company's foreign exchange risk management policy emphasizes hedging anticipated intercompany and third-party commercial transaction exposures of one year duration or less. The Company focuses on natural hedging techniques of the following form: (1) offsetting or netting of like foreign currency flows, (2) structuring foreign subsidiary balance sheets with appropriate levels of debt to reduce subsidiary net investments and subsidiary cash flows subject to conversion risk, (3) converting excess foreign currency deposits into U.S. dollars or the relevant functional currency and (4) avoidance of risk by denominating contracts in the appropriate functional currency. In addition, the Company utilizes forward contracts and purchased options to hedge commercial and intercompany transactions. Gains and losses related to qualifying hedges of commercial transactions are deferred and included in the basis of the underlying transactions. Derivatives used to hedge intercompany transactions are marked to market with the corresponding gains or losses included in the consolidated statements of income.

Due to the diversity of its product lines, the Company does not have material sensitivity to any one commodity. The Company manages commodity price exposures primarily through the duration and terms of its vendor contracts.

Based on the Company's overall interest rate, currency rate and commodity price exposures at December 31, 1997, management of the Company believes that a short-term change in any of these exposures will not have a material effect on the consolidated financial statements of the Company.

Year 2000 Computer Compliance
 - - - - -

In order to address the "Year 2000 Problem" relating to the inability of certain computer software programs to process 2-digit year-date codes after December 31, 1999, the Company has conducted a comprehensive review of its computer systems and formulated a plan to modify or replace programs where necessary. It is anticipated that all reprogramming efforts for major systems will be completed by December 31, 1998, allowing more than adequate time for testing. The

Company has received confirmations from its primary vendors and customers that they have plans underway to address this issue as well. Management believes that the total cost of implementing the Year 2000 plan will not be significant to the Company's financial results.

Forward Looking Statements

Forward-looking statements in this Report are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to, but are not limited to, such matters as sales, income, earnings per share, return on equity, capital expenditures, dividends, capital structure, free cash flow, debt to capitalization ratios, internal growth rates, future economic performance, management's plans, goals and objectives for future operations and growth or the assumptions relating to any of the forward-looking information. The Company cautions that forward-looking statements are not guarantees since there are inherent difficulties in predicting future results, and that actual results could differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, those matters set forth in the Company's Annual Report on Form 10-K, the documents incorporated by reference therein and in Exhibit 99 thereto.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is incorporated herein by reference to the section entitled "Market Risk" in the Company's Management's Discussion and Analysis of Results of Operations and Financial Condition (Part II, Item 7).

Item 8. Financial Statements and Supplementary Data

Report of Independent Public Accountants

To the Stockholders and Board of Directors of Newell Co.:

We have audited the accompanying consolidated balance sheets of Newell Co. (a Delaware corporation) and subsidiaries as of December 31, 1997, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These consolidated financial statements are the responsibility of Newell Co.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newell Co. and subsidiaries as of December 31, 1997, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Part IV Item 14(a)(2) of this Form 10-K is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Milwaukee, Wisconsin
January 27, 1998

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31, 1997 -----	1996 -----	1995 -----
	(In thousands, except per share data)		
Net sales	\$3,234,261	\$2,872,817	\$2,498,414
Cost of products sold	2,188,343	1,965,500	1,715,585
	-----	-----	-----
GROSS INCOME	1,045,918	907,317	782,829
Selling, general and administrative expenses	474,328	421,630	363,356
	-----	-----	-----
OPERATING INCOME	571,590	485,687	419,473
Nonoperating expenses (income):			
Interest expense	73,621	56,989	49,812
Other, net	17,170	4,064	(1,124)
	-----	-----	-----
Net	90,791	61,053	48,688
	-----	-----	-----
Income Before Income Taxes	480,799	424,634	370,785
Income taxes	190,397	168,155	148,314
	-----	-----	-----
NET INCOME	\$ 290,402	\$ 256,479	\$ 222,471
	=====	=====	=====
Earnings per share			
Basic	\$1.83	\$1.62	\$1.41
Diluted	1.82	1.61	1.40
Weighted average shares outstanding			
Basic	159,079	158,764	158,212
Diluted	160,214	159,187	158,530

See notes to consolidated financial statements.

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 1997 ----	1996 ----- (In thousands)	1995 -----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 36,103	\$ 4,360	\$ 58,771
Accounts receivable, net	524,613	404,170	390,296
Inventories, net	625,208	509,504	509,245
Deferred income taxes	130,451	121,152	107,499
Prepaid expenses and other	65,245	68,928	67,063
	-----	-----	-----
TOTAL CURRENT ASSETS	1,381,620	1,108,114	1,132,874
MARKETABLE EQUITY SECURITIES	307,121	240,789	53,309
OTHER LONG-TERM INVESTMENTS	51,020	58,703	203,857
OTHER ASSETS	143,893	119,168	122,702
PROPERTY, PLANT AND EQUIPMENT, NET	696,086	555,434	530,285
TRADE NAMES AND GOODWILL, NET	1,364,072	922,846	884,084
	-----	-----	-----
TOTAL ASSETS	<u>\$ 3,943,812</u>	<u>\$ 3,005,054</u>	<u>\$ 2,927,111</u>
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 39,220	\$ 70,877	\$ 104,017
Accounts payable	132,374	105,333	113,927
Accrued compensation	79,306	65,632	73,057
Other accrued liabilities	388,741	324,719	317,184
Income taxes	11,663	37,209	13,043
Current portion of long-term debt	12,721	33,243	59,031
	-----	-----	-----
TOTAL CURRENT LIABILITIES	664,025	637,013	680,259
LONG-TERM DEBT	783,980	672,033	761,578
OTHER NON-CURRENT LIABILITIES	183,041	156,691	158,321
DEFERRED INCOME TAXES	90,120	47,477	30,987
MINORITY INTEREST	8,352	-	-

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT'D.)

	December 31,	1996	1995
	1997	-----	-----
	-----	(In thousands)	
COMPANY-OBLIGATED MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF A SUBSIDIARY TRUST	500,000	-	-
STOCKHOLDERS' EQUITY			
Common stock - authorized shares, 400.0 million at \$1 par value;	159,236	158,871	158,626
Outstanding shares:			
1997 - 159.2 million			
1996 - 158.9 million			
1995 - 158.6 million			
Additional paid-in capital	204,105	197,889	190,860
Retained earnings	1,294,750	1,106,146	938,567
Net unrealized gain on securities available for sale	78,839	36,595	15,912
Cumulative translation adjustment	(22,636)	(7,661)	(7,999)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	1,714,294	1,491,840	1,295,966
	-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,943,812	\$ 3,005,054	\$2,927,111
	=====	=====	=====

See notes to consolidated financial statements.

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	1997	1996	1995
	-----	-----	-----
	(In thousands)		
OPERATING ACTIVITIES			
Net income	\$290,402	\$256,479	\$222,471
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	129,943	116,362	101,722
Deferred income taxes	59,000	44,700	40,747
Net gain on sale of marketable equity securities	(2,853)	-	(15,819)
Investment write-off	-	1,339	16,000
Equity earnings of investment	(5,831)	(6,364)	(5,993)
Changes in current accounts, excluding the effects of acquisitions:			
Accounts receivable	976	1,812	16,380
Inventories	18,285	27,256	(4,444)
Other current assets	(5,412)	37	(4,629)
Accounts payable	(19,306)	(25,564)	(14,941)
Accrued liabilities and other	(78,134)	(48,731)	(74,752)
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	387,070	367,326	276,742
INVESTING ACTIVITIES			
Acquisitions, net	(715,316)	(58,213)	(187,788)
Expenditures for property, plant and equipment	(98,406)	(94,237)	(82,562)
Purchase of marketable equity securities	-	(3,513)	-
Sale of marketable securities	6,389	-	37,324
Disposals of non-current assets and other	5,082	8,429	(1,372)
	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(802,251)	(147,534)	(234,398)
FINANCING ACTIVITIES			
Proceeds from issuance of debt	141,073	1,193	315,191
Proceeds from the issuance of company-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust	500,000	-	-
Proceeds from exercised stock options and other	6,581	7,274	7,100
Payments on notes payable and long-term debt	(96,732)	(194,108)	(250,589)
Cash dividends	(101,798)	(88,900)	(72,766)
	-----	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	449,124	(274,541)	(1,064)
Exchange rate effect on cash	(2,200)	338	2,599

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

	Year Ended December 31,		
	1997	1996	1995
	-----	-----	-----
	(In thousands)		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,743	(54,411)	43,879
Cash and cash equivalents at beginning of year	4,360	58,771	14,892
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 36,103	\$ 4,360	\$ 58,771
	=====	=====	=====
Supplemental cash flow disclosures -			
Cash paid during the year for:			
Income taxes	\$ 158,700	\$123,700	\$129,300
Interest	66,900	55,400	44,800

See notes to consolidated financial statements.

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

		Net Unrealized			
	Common Stock -----	Add'l Paid-In Capital(1) -----	Retained Earnings -----	Gain On Securities Available for Sale -----	Cumulative Translation Adjustment -----
		(In thousands, except per share data)			
Balance at December 31, 1994	\$ 157,844	\$ 175,218	\$ 788,862	\$ 9,868	\$ (6,466)
Net income			222,471		
Cash dividends:					
Common stock \$0.46 per share			(72,766)		
Stock issued for acquisitions	381	8,943			
Exercise of stock options	412	6,759			
Change in net unrealized gain on securities available for sale				6,044	
Foreign currency translation and other	(11)	(60)			(1,533)
	-----	-----	-----	-----	-----
Balance at December 31, 1995	158,626	190,860	938,567	15,912	(7,999)
Net income			256,479		
Cash dividends:					
Common stock \$0.56 per share			(88,900)		
Exercise of stock options	245	7,088			
Change in net unrealized gain on securities available for sale				20,683	
Foreign currency translation and other		(59)			338
	-----	-----	-----	-----	-----
Balance at December 31, 1996	158,871	197,889	1,106,146	36,595	(7,661)
Net income			290,402		
Cash dividends:					
Common stock \$0.64 per share			(101,798)		
Exercise of stock options	365	6,818			
Change in net unrealized gain on securities available for sale				42,244	
Foreign currency translation and other		(602)			(14,975)
	-----	-----	-----	-----	-----
Balance at December 31, 1997	\$ 159,236 =====	\$ 204,105 =====	\$ 1,294,750 =====	\$ 78,839 =====	\$ (22,636) =====

(1) Net of treasury stock (at cost) of \$665, \$199 and \$161 as of December 31, 1997, 1996 and 1995, respectively.

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1997, 1996 AND 1995

1) SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of Newell and its majority owned subsidiaries ("the Company") after elimination of intercompany accounts and transactions.

Use of estimates: The preparation of these financial statements required the use of certain estimates by management in determining the Company's assets, liabilities, revenue and expenses and related disclosures.

Revenue Recognition: Sales of merchandise are recognized upon shipment to customers.

Disclosures about Fair Value of Financial Instruments: The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Long-term Investments: The fair value of the investment in convertible preferred stock of The Black & Decker Corporation ("Black & Decker") in 1995 was based on an independent appraisal. This preferred stock was converted into Black & Decker Common Stock on October 15, 1996 and reclassified to Long-term Marketable Equity Securities at December 31, 1996.

Long-term Debt: The fair value of the Company's long-term debt issued under the medium-term note program is estimated based on quoted market prices which approximate cost. All other significant long-term debt is pursuant to floating rate instruments whose carrying amounts approximate fair value.

Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust: The fair value of the company-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust was \$522.5 million at December 31, 1997.

Allowances for Doubtful Accounts: Allowances for doubtful accounts at December 31 totaled \$17.7 million in 1997, \$13.2 million in 1996 and \$11.0 million in 1995.

Inventories: Inventories are stated at the lower of cost or market value. Cost of certain domestic inventories (approximately 81%, 86% and 89% of total inventories at December 31, 1997, 1996 and 1995, respectively) was determined by the "last-in, first-out" ("LIFO") method; for the balance, cost was determined using the "first-in, first-out" ("FIFO") method. If the FIFO inventory valuation method had been used exclusively, inventories would have increased by \$17.9 million, \$26.0 million and \$29.0 million at December 31, 1997, 1996 and 1995, respectively.

The components of inventories at December 31, net of the LIFO reserve, were as follows:

	1997	1996	1995
	-----	-----	-----
		(In millions)	
Materials and supplies	\$ 136.0	\$ 124.5	\$ 147.7
Work in process	100.6	87.9	87.5
Finished products	388.6	297.1	274.0
	-----	-----	-----
	\$ 625.2	\$ 509.5	\$ 509.2
	=====	=====	=====

Inventory reserves at December 31 totaled \$92.6 million in 1997, \$81.2 million in 1996 and \$67.3 million in 1995.

Other Long-term Investments: At December 31, 1995, the Company owned 150,000 shares of privately placed Black & Decker convertible preferred stock, Series B, purchased at a cost of \$150.0 million. On October 15, 1996, in accordance with the terms of the preferred stock, Black & Decker exercised its option to convert the preferred stock into 6.4 million shares of Black & Decker Common Stock. As a result of the conversion, the Common Stock is classified as a Long-term Marketable Equity Security in the December 31, 1997 and 1996 consolidated balance sheets.

The Company has a 49% ownership interest in American Tool Companies, Inc., a manufacturer of hand tools and power tool accessory products marketed primarily under the VISE-GRIP{R} and IRWIN{R} trademarks. This investment is accounted for on the equity method with a net investment of \$51.0 million at December 31, 1997.

Long-term Marketable Equity Securities: Long-term Marketable Equity Securities classified as available for sale are carried at fair value with adjustments to fair value reported separately, net of tax, as a component of stockholders' equity (and excluded from earnings). Long-term marketable equity securities at December 31 are summarized as follows:

	1997	1996	1995
	----	----	----
		(In millions)	
Aggregate market value	\$ 307.1	\$ 240.8	\$ 53.3
Aggregate cost	176.8	180.3	26.8
	-----	-----	-----
Unrealized gain	\$ 130.3	\$ 60.5	\$ 26.5
	=====	=====	=====

During 1995, the Company received proceeds of \$37.3 million from the sale of Long-term Marketable Equity Securities and recorded a gain of \$15.8 million on the sale. Gains and losses on the sales of Long-term Marketable Equity Securities are based upon the average cost of securities sold.

Property, Plant and Equipment: Property, plant and equipment at December 31 consisted of the following:

	1997	1996	1995
	----	----	----
		(In millions)	
Land	\$ 33.8	\$ 21.1	\$ 16.2
Buildings and improvements	272.1	206.9	194.8
Machinery and equipment	835.4	699.6	620.2
	-----	-----	-----
	1,141.3	927.6	831.2
Allowance for depreciation	(445.2)	(372.2)	(300.9)
	-----	-----	-----
	\$ 696.1	\$ 555.4	\$ 530.3
	=====	=====	=====

Replacements and improvements are capitalized. Expenditures for maintenance and repairs are charged to expense. The components of depreciation are provided by annual charges to income calculated to amortize, principally on the straight-line basis, the cost of the depreciable assets over their depreciable lives. Estimated useful lives determined by the Company are as follows:

Buildings and improvements	20-40 years
Machinery and equipment	5-12 years

Trade Names and Goodwill: The cost of trade names and the excess of cost over identifiable net assets of businesses acquired are amortized over 40 years on a straight-line basis. Total accumulated amortization of trade names and goodwill was \$136.7 million, \$103.2 million and \$78.2 million at December 31, 1997, 1996 and 1995, respectively.

Subsequent to an acquisition, the Company periodically evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. If factors indicate that goodwill should be evaluated for possible impairment, the Company would use an estimate of the relevant business' undiscounted net cash flow over the remaining life of the goodwill in measuring whether the goodwill is recoverable.

Accrued Liabilities: Accrued Liabilities at December 31 included the following:

	1997 ----	1996 ----	1995 ----
		(In millions)	
Customer accruals	\$ 131.7	\$ 91.4	\$ 83.7
Accrued self-insurance liability	42.1	46.3	39.7

Customer accruals are promotional allowances and rebates given to customers in exchange for their selling efforts. The self-insurance accrual is primarily for workers' compensation and is estimated based upon historical claim experience.

Foreign Currency Translation: Foreign currency balance sheet accounts are translated into U.S. dollars at the rates of exchange in effect at fiscal year end. Income and expenses are translated at the average rates of exchange in effect during the year. The related translation adjustments are made directly to a separate component of stockholders' equity. International subsidiaries operating in highly inflationary economies translate non-monetary assets at historical rates, while net monetary assets are translated at current rates, with the resulting translation adjustment included in net income. Foreign currency transaction gains and losses were immaterial in 1997, 1996 and 1995.

Earnings per share: The earnings per share amounts are computed based on the weighted average monthly number of shares outstanding during the year. "Basic" earnings per share is calculated by dividing net income (before cumulative effect of accounting change) by weighted average shares outstanding. "Diluted" earnings per share is calculated by dividing net income (before cumulative effect of accounting change) by weighted average shares outstanding, including the assumption of the exercise and/or conversion of all potentially dilutive securities ("in the money" stock options and Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust). Effective December 31, 1997, the Company adopted SFAS No. 128, "Earnings Per Share." As a result, the Company's reported earnings per share for 1996 and 1995 were restated. The impact on previously reported earnings per share was immaterial.

Accounting Principles Adopted: In 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The adoption of this statement in 1996 was not material to the consolidated financial statements.

In 1995, FASB also issued SFAS No. 123, "Accounting for Stock Based Compensation." The Company adopted the disclosure requirements of this statement (see note 11 to the consolidated financial statements) and will continue to apply APB Opinion No. 25 to its stock option plans.

Reclassification: Certain 1996 and 1995 amounts have been reclassified to conform with the 1997 presentation.

2) ACQUISITIONS OF BUSINESSES

1995

- - - - -

On October 2, 1995, the Company acquired Decorel Incorporated ("Decorel"), a manufacturer and marketer of ready-made picture frames. Decorel was combined with Intercraft. On November 2, 1995, the Company acquired Berol Corporation ("Berol"), a designer, manufacturer and marketer of markers and writing instruments. Berol was combined with Sanford. For these and other minor 1995 acquisitions, the Company paid \$210.6 million in cash, issued 379,507 shares of the Company's Common Stock (valued at approximately \$9.5 million) and assumed \$144.2 million of debt.

These transactions were accounted for as purchases; therefore results of operations are included in the accompanying consolidated financial statements since their respective dates of acquisition. The acquisition costs were allocated to the fair market value of the assets acquired and liabilities assumed and resulted in trade names and goodwill of approximately \$181.1 million.

1996 and 1997

- - - - -

On January 19, 1996, the Company acquired The Holson Burnes Group, Inc. ("Holson Burnes"), a manufacturer and marketer of photo albums and picture frames. Holson Burnes was combined with Intercraft, creating the Intercraft/Burnes division.

On March 5, 1997, the Company purchased Insilco Corporation's Rolodex business unit ("Rolodex"), a marketer of office products including card files, personal organizers and paper punches. Rolodex was integrated into the Company's Newell Office Products division. On May 30, 1997, the Company acquired Cooper Industries Incorporated's Kirsch business ("Kirsch"), a manufacturer and distributor of drapery hardware and custom window coverings in the United States and international markets. The Kirsch North American operations were combined with the Newell Window Furnishings division. The European operations of Kirsch exist as a separate division called Kirsch Window Fashions Europe. On June 13, 1997, the Company acquired Rubbermaid Incorporated's office products business, including the ELDON[®] brand name (now referred to as "Eldon"). Eldon is a designer, manufacturer and supplier of computer and plastic desk accessories, resin-based office furniture and storage and organization products. Eldon was integrated into the Company's Newell Office Products division. For these and other minor acquisitions, the Company paid \$780.4 million in cash and assumed \$59.9 million of debt. The transactions were accounted for as purchases; therefore, results of operations are included in the accompanying consolidated financial statements since their respective dates of acquisition. The acquisition costs were allocated on a preliminary basis to the fair market value of the assets acquired and liabilities assumed and resulted in trade names and goodwill of approximately \$562.4 million. The final adjustments

to the purchase price allocations are not expected to be material to the consolidated financial statements.

The unaudited consolidated results of operations for the years ended December 31, 1997 and 1996 on a pro forma basis, as though the Holson Burnes, Rolodex, Kirsch and Eldon businesses had been acquired on January 1, 1996, are as follows:

	1997	1996
	----	----
	(In millions, except per share amounts)	
Net sales	\$3,453.4	\$3,446.7
Net income	284.4	250.3
Earnings per share	1.79	1.58

3) CREDIT ARRANGEMENTS

The Company has short-term foreign and domestic uncommitted lines of credit with various banks, which are available for short-term financing. Borrowings under the Company's uncommitted lines of credit are subject to discretion of the lender. The Company's uncommitted lines of credit do not have a material impact on the Company's liquidity. Borrowings under the Company's uncommitted lines of credit at December 31, 1997 totaled \$39.2 million.

The following is a summary of borrowings under foreign and domestic lines of credit at December 31:

	1997 ----	1996 ----	1995 ----
	(In millions)		
Notes payable to banks:			
Outstanding at year-end			
- borrowing	\$ 39.2	\$ 70.9	\$ 104.0
- weighted average interest rate	4.5%	4.7%	6.6%
Average for the year			
- borrowing	\$ 124.4	\$ 99.4	\$ 102.4
- weighted average interest rate	5.4%	5.3%	6.7%
Maximum borrowing outstanding during the year	\$399.3	\$120.0	\$137.8

The Company can also issue commercial paper, as described in note 4 to the consolidated financial statements. The following is a summary of commercial paper at December 31:

	1997 ----	1996 ----	1995 ----
	(In millions)		
Commercial paper:			
Outstanding at year-end			
- borrowing	\$ 517.0	\$ 404.0	\$ 448.6
- average interest rate	6.5%	5.9%	5.8%
Average for the year			
- borrowing	\$ 731.3	\$ 512.3	\$ 410.4
- average interest rate	5.6%	5.3%	6.0%
Maximum borrowing outstanding during the year	\$1,177.6	\$ 594.0	\$ 500.0

4) LONG-TERM DEBT

The following is a summary of long-term debt at December 31:

	1997	1996	1995
	----	----	----
		(In millions)	
Medium-term notes	\$ 263.0	\$ 295.0	\$ 345.0
Commercial paper	517.0	404.0	448.6
Other long-term debt	16.7	6.2	27.0
	-----	-----	-----
Current portion	796.7	705.2	820.6
	(12.7)	(33.2)	(59.0)
	-----	-----	-----
	\$784.0	\$ 672.0	\$ 761.6
	=====	=====	=====

During 1997, the Company amended and restated its revolving credit agreement to permit the Company to borrow, repay and reborrow funds in an aggregate amount up to \$1.3 billion, at a floating interest rate. The revolving credit agreement will terminate in August 2002. At December 31, 1997, there were no borrowings under the revolving credit agreement.

In lieu of borrowings under the Company's revolving credit agreement, the Company may issue up to \$1.3 billion of commercial paper. The Company's revolving credit agreement provides the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may only be issued up to the amount available for borrowing under the Company's revolving credit agreement. At December 31, 1997, \$517.0 million (principal amount) of commercial paper was outstanding. The entire amount is classified as Long-Term Debt.

The Company has a universal shelf registration statement under which the Company may issue up to \$500.0 million of debt and equity securities, subject to market conditions. At December 31, 1997, the Company had not yet issued any securities under that registration statement.

At December 31, 1997, the Company had outstanding \$263.0 million (principal amount) of medium-term notes issued under a previous shelf registration statement with maturities ranging from five to ten years at an average rate of interest equal to 6.3%.

The revolving credit agreement permits the Company to borrow funds using Committed loans (Base Rate loans or Committed LIBOR loans) or Competitive loans (Set Rate loans or Competitive LIBOR loans), as selected by the Company. The terms of these agreements require, among other things, that the Company maintain a certain Total Debt to Total Capital Ratio as defined in these agreements. As of December 31, 1997, the Company was in compliance with these agreements.

The aggregate maturities of Long-Term Debt outstanding at December 31, 1997, are as follows:

Year -----	Aggregate Maturities ----- (In millions)
1998	\$ 12.7
1999	8.0
2000	148.0
2001	0.9
2002	617.1
Thereafter	10.0

	\$ 796.7
	=====

5) COMPANY-OBLIGATED MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF A SUBSIDIARY TRUST OF THE COMPANY

In December 1997, a wholly owned subsidiary trust of the Company issued 10,000,000 of its 5.25% convertible quarterly income preferred securities (the "Convertible Preferred Securities"), with a liquidation preference of \$50 per security, to certain institutional buyers. The Convertible Preferred Securities represent an undivided beneficial interest in the assets of the trust. Each of the Convertible Preferred Securities is convertible at the option of the holder into shares of the Company's Common Stock at the rate of 0.9865 shares of Common Stock for each preferred security (equivalent to the approximate conversion price of \$50.685 per share of Common Stock), subject to adjustment in certain circumstances. Holders of the Convertible Preferred Securities are entitled to a quarterly cash distribution at the annual rate of 5.25% of the \$50 liquidation preference commencing March 1, 1998. The Convertible Preferred Securities are subject to a limited guarantee by the Company and are callable by the Company initially at 103.15% of the liquidation preference beginning in December 2001 and decreasing over time to 100% of the liquidation preference beginning in December 2007.

The trust invested the proceeds of this issuance of Convertible Preferred Securities in \$500 million of the Company's 5.25% Junior Convertible Subordinated Debentures due 2027 (the "Debentures"). The Debentures are the sole assets of the trust, mature on December 1, 2027, bear interest at the rate of 5.25%, payable quarterly, commencing March 1, 1998, and are redeemable by the Company beginning in December 2001. The Company may defer interest payments on the Debentures for a period not to exceed 20 consecutive quarters during which time distribution payments on the Convertible Preferred Securities are also deferred. Under this circumstance, the Company may not declare or pay any cash distributions with respect to its capital stock or debt securities that rank *pari passu* with or junior to the Debentures. The Company has no current intention to exercise its right to defer payments of interest on the Debentures.

The Convertible Preferred Securities are reflected as outstanding in the Company's consolidated financial statements as Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust.

6) DERIVATIVE FINANCIAL INSTRUMENTS

The Company has only limited involvement with derivative financial instruments and does not use them for trading purposes. They are used to manage certain interest rate and foreign currency risks.

Interest rate swap agreements are utilized to convert certain floating rate debt instruments into fixed rate debt. Cash flows related to interest rate swap agreements are included in interest expense over the terms of the agreements.

The Company uses forward exchange contracts and options to hedge certain purchase commitments denominated in currencies other than the domestic currency. Unamortized premiums are included in other assets in the consolidated balance sheets. Gains and losses relating to qualifying hedges of firm commitments are deferred and are recognized in income or expense as adjustments of carrying amounts when the hedged transaction occurs.

The Company does not obtain collateral or other security to support derivative financial instruments subject to credit risk but monitors the credit standing of the counterparties.

7) LEASES

The Company has minimum rental payments through the year 2007 under noncancellable operating leases as follows:

Year	Minimum Payments
-----	-----
	(In millions)
1998	\$23.2
1999	15.2
2000	9.9
2001	8.0
2002	6.2
Thereafter	15.6

	\$78.1

Total rental expense for all operating leases was approximately \$50.4 million, \$45.0 million and \$38.3 million in 1997, 1996 and 1995, respectively.

8) EMPLOYEE BENEFIT RETIREMENT PLANS

The Company and its subsidiaries have noncontributory pension and profit sharing plans covering substantially all of its foreign and domestic employees. Pension plan benefits are generally based on years of service and/or compensation. The Company's funding policy is to contribute not less than the minimum amounts required by the Employee Retirement Income Security Act of 1974 or local statutes to assure that plan assets will be adequate to provide retirement benefits. Due to the overfunded status of most of the pension plans, contributions to these plans were insignificant during the past three years.

The net periodic pension cost components for all significant pension plans for the years ended December 31 are as follows:

	1997 ----	1996 ----	1995 ----
	(In millions)		
Service cost-benefits earned during the year	\$ 15.7	\$ 16.0	\$ 14.3
Interest cost on projected benefit obligation	38.5	36.1	35.0
Actual return on assets	(124.1)	(74.0)	(64.0)
Net amortization and other components	70.7 -----	24.3 -----	17.5 -----
Total pension plan expense	\$ 0.8 =====	\$ 2.4 =====	\$ 2.8 =====

The principal actuarial assumptions used are as follows:

	1997 ----	1996 ----	1995 ----
	(In percent)		
Measurement of projected benefit obligation:			
Discount rate	7.75%	7.75%	7.75%
Long-term rate of compensation increase	5.00%	5.00%	5.00%
Long-term rate of return on plan assets	9.00%	9.00%	9.00%

The following table sets forth the funded status of the pension plans and the amount recognized in the Company's consolidated balance sheets:

	Plans Whose Assets Exceed Accumulated Benefits		
	1997 -----	1996 -----	1995 -----
	(In millions)		
Actuarial present value of benefit obligations:			
- Vested	\$467.7	\$413.9	\$329.0
- Nonvested	13.1	10.6	10.1
	-----	-----	-----
Accumulated benefit obligation	480.8	424.5	339.1
Effect of projected future salary increases	26.5	20.5	15.2
	-----	-----	-----
Projected benefit obligation	507.3	445.0	354.3
Plan assets at market value (primarily Common Stock and fixed income investments)	713.8	585.8	463.1
	-----	-----	-----
Plan assets in excess of projected benefit obligation	206.5	140.8	108.8
Unrecognized transition net asset	(6.0)	(7.3)	(4.5)
Unrecognized prior service cost	(7.1)	(7.7)	(3.0)
Unrecognized net gain	(116.0)	(54.5)	(21.9)
	-----	-----	-----
Net pension asset in Other Non-current Assets	\$ 77.4 =====	\$ 71.3 =====	\$ 79.4 =====

Plans Whose Accumulated
Benefits Exceed Assets

1997 1996 1995(1)

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

(In millions)

Actuarial present value of benefit obligations:			
Vested	\$ 43.2	\$ 17.8	\$ 89.2
Nonvested	11.9	9.1	10.5
	-----	-----	-----
Accumulated benefit obligation	55.1	26.9	99.7
Effect of projected future salary increases	13.3	10.3	17.9
	-----	-----	-----
Projected benefit obligation	68.4	37.2	117.6
Plan assets at market value (primarily Common Stock and fixed income investments)	22.2	-	75.9
	-----	-----	-----
Plan assets less than projected benefit obligation	(46.2)	(37.2)	(41.7)
Unrecognized transition net (asset) obligation	0.6	2.3	(3.1)
Unrecognized prior service cost	2.1	0.9	1.1
Unrecognized net loss	10.9	7.5	11.3
	-----	-----	-----
Net pension liability in Other Non-current Liabilities	\$(32.6)	\$(26.5)	\$(32.4)
	=====	=====	=====

(1) During 1995, the defined benefit plan covering certain hourly employees contained a temporary unfunded obligation. This plan was fully funded in 1996.

Total expense under all profit sharing plans was \$7.6 million, \$6.6 million and \$5.5 million for the years ended December 31, 1997, 1996 and 1995, respectively.

9) RETIREE HEALTH CARE

Several of the Company's subsidiaries currently provide retiree health care benefits for certain employee groups.

The components of the net postretirement health care cost for the years ended December 31 are as follows:

	1997	1996	1995
	----	----	----
	(In millions)		
Service cost-benefits attributed to service during the period	\$1.6	\$2.1	\$1.7
Interest cost on accumulated postretirement benefit obligation	8.0	7.7	7.5
Net amortization and deferral	(0.2)	(0.3)	(0.5)
	---	---	---
Net postretirement health care cost	\$9.4	\$9.5	\$8.7
	===	===	===

The following table reconciles the accumulated postretirement benefit obligation as recognized in the Company's consolidated balance sheets at December 31:

	1997	1996	1995
	----	----	----
	(In millions)		
Accumulated postretirement benefit obligation:			
Retirees	\$ (88.0)	\$ (63.5)	\$ (67.4)
Fully eligible active plan participants	(3.1)	(5.5)	(5.6)
Other active plan participants	(23.8)	(28.1)	(23.4)
	----	----	----
Accumulated postretirement benefit obligation	(114.9)	(97.1)	(96.4)
Market value of assets	-	-	-
	-----	-----	-----
Funded status	(114.9)	(97.1)	(96.4)
Unrecognized net gain	(18.3)	(13.0)	(13.0)
Other Non-current Liability	\$(133.2)	\$(110.1)	\$(109.4)
	=====	=====	=====

The actuarial calculation assumed a 9% increase in the health care cost trend rate for fiscal year 1997. The assumed rate decreases

one percent every year through the year 2000 to 6% and remains constant beyond that point. The health care cost trend rate has a significant effect on the amounts reported. For example, a one percentage point increase in the health care cost trend rate would increase the accumulated postretirement benefit obligation by \$5.7 million and increase net periodic cost by \$0.8 million. The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% in 1997 and 7.75% in both 1996 and 1995.

10) STOCKHOLDERS' EQUITY

The Company's Common Stock consists of 400.0 million authorized shares, with a par value of \$1 per share. Of the total unissued common shares at December 31, 1997, total shares in reserve included 8.5 million shares for issuance under the Company's stock option plans.

Each share of Common Stock includes a preferred stock purchase right (a "Right"). Each Right will entitle the holder, until the earlier of October 31, 1998 or the redemption of the Rights, to buy one four-hundredth of a share of a new series of preferred stock, denominated "Junior Participating Preferred Stock, Series B," at a price of \$25 per one four-hundredth of a share (as adjusted to reflect stock splits since the issuance of the Rights). This preferred stock is nonredeemable and will have 100 votes per share. The Company has reserved 500,000 Series B preferred shares for issuance upon exercise of such Rights. The Rights will be exercisable only if a person or group acquires 20% or more of voting power of the Company or announces a tender offer following which it would hold 30% or more of the Company's voting power.

In the event that any person becomes the beneficial owner of 30% or more of the Company's voting stock, the Rights (other than Rights held by the 30% stockholder) would become exercisable for that number of shares of the Company's Common Stock having a market value of two times the exercise price of the Right. Furthermore, if, following the acquisition by a person or group of 20% or more of the Company's voting stock, the Company was acquired in a merger or other business combination or 50% or more of its assets were sold, or in the event of certain types of self-dealing transactions by a 20% stockholder, each Right (other than Rights held by the 20% stockholder) would become exercisable for that number of shares of Common Stock of the Company (or the surviving company in a business combination) having a market value of two times the exercise price of the Right.

The Company may redeem the Rights at one cent per Right prior to the occurrence of an event that causes the Rights to become exercisable for Common Stock. The Board of Directors may terminate the Company's right to redeem the Rights prior to the time the Rights become exercisable for Common Stock at any time after a group or person acquires 20% or more of the Company's voting stock under certain circumstances.

11) STOCK OPTIONS

The Company's stock option plans are accounted for under APB Opinion No. 25. As a result, the Company grants fixed stock options under which no compensation cost is recognized. Had compensation cost for the plans been determined consistent with FASB Statement No. 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts for the years ended December 31:

		1997	1996
		----	----
(In thousands, except per share data)			
Net income:	As reported	\$290,402	\$256,479
	Pro forma	287,249	254,787
Basic EPS:	As reported	\$1.83	\$1.62
	Pro forma	1.81	1.60

Because the FASB Statement No. 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

The Company may grant up to 8.0 million shares under the 1993 Stock Option Plan, of which, the Company has granted 1.9 million shares and cancelled 0.3 million shares through December 31, 1997. Under this plan, the option exercise price equals the Common Stock's closing price on the date of grant, vests over a five-year period and expires after ten years.

The following summarizes the changes in number of shares of Common Stock under option:

	1997	
	Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at beginning of year	1,860,064	\$22
- Granted	395,600	38
- Exercised	(364,587)	18
- Cancelled	(68,688)	22

Outstanding at end of year	1,822,389	25
	=====	
Exercisable at end of year	886,445	19
	=====	
Weighted average fair value of options granted during the year	\$ 13	
	=====	

The 1,822,389 options outstanding at December 31, 1997 have exercise prices between \$12 and \$43 and are summarized below:

Options Outstanding			
Range of Exercise Prices	Number Outstanding at December 31, 1997	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
-----	-----	-----	-----
\$12-15	201,914	\$14	3
16-25	905,025	20	6
26-35	327,950	20	8
36-43	387,500	37	9

12-43	1,822,389	25	7
	=====		

The 886,445 options exercisable at December 31, 1997 have exercise prices between \$12 and \$35 and are summarized below:

Options Exercisable

Range of Exercise Prices	Number Exercisable at December 31, 1997	Weighted Average Exercise Price
\$12-15	191,914	\$14
16-25	625,661	20
26-35	68,870	27
12-35	886,445	19

1996

	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,945,730	\$20
- Granted	301,850	28
- Exercised	(243,596)	17
- Cancelled	(143,920)	21
Outstanding at end of year	1,860,064	22
Exercisable at end of year	999,118	18
Weighted average fair value of options granted during the year	\$10	

1995

	Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at beginning of year	2,155,758	\$19
- Granted	284,250	24
- Exercised	(411,528)	16
- Cancelled	(82,750)	21

Outstanding at end of year	1,945,730	20
	=====	
Exercisable at end of year	1,113,118	17
	=====	
Weighted average fair value of options granted during the year	\$9	
	=====	

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 1997, 1996 and 1995, respectively: risk-free interest rate of 6.3%, 6.4% and 6.6%; expected dividend yields of 1.8%, 1.8% and 1.8%; expected lives of 9.9, 9.9 and 9.5 years; and expected volatility of 23%, 20% and 20%.

12) INCOME TAXES

The provision for income taxes for the years ended December 31 consists of the following:

	1997	1996	1995
	-----	-----	-----
	(In millions)		
Current:			
- Federal	\$ 95.1	\$ 97.3	\$ 89.3
- State	17.2	15.5	15.9
- Foreign	19.1	10.6	2.4
	-----	-----	-----
	131.4	123.4	107.6
Deferred	59.0	44.7	40.7
	-----	-----	-----
Total	\$190.4	\$168.1	\$148.3
	=====	=====	=====

The components of the net deferred tax asset at December 31 are as follows:

	1997 ----	1996 ----	1995 ----
	(In millions)		
Deferred tax assets:			
-Accruals, not currently deductible for tax purposes	\$115.3	\$108.0	\$105.1
-Postretirement liabilities	52.6	43.5	43.6
-Inventory reserves	33.7	28.3	16.5
-Self-insurance liability	15.4	16.5	13.2
-Other	0.3	1.4	0.8
	----- 217.3	----- 197.7	----- 179.2
Deferred tax liabilities:			
-Accelerated depreciation	(59.4)	(46.4)	(45.5)
-Prepaid pension asset	(31.1)	(30.5)	(31.6)
-Unrealized gain on securities available for sale	(51.5)	(23.9)	(10.6)
-Amortization of intangibles	(11.9)	(4.1)	-
-Other	(23.1)	(19.1)	(15.0)
	----- (177.0)	----- (124.0)	----- (102.7)
Net deferred tax asset	\$ 40.3 =====	\$ 73.7 =====	\$ 76.5 =====

The net deferred tax asset is classified in the consolidated balance sheets at December 31 as follows:

	1997 ----	1996 ----	1995 ----
	(In millions)		
Current net deferred income tax asset	\$130.4	\$121.2	\$107.5
Non-current deferred income tax liability	(90.1)	(47.5)	(31.0)
	----- \$ 40.3 =====	----- \$ 73.7 =====	----- \$ 76.5 =====

A reconciliation of the U.S. statutory rate to the effective income tax rate for the years ended December 31 is as follows:

	1997	1996	1995
	----	----	----
	(In percent)		
Statutory rate	35.0%	35.0%	35.0%
Add (deduct) effect of:			
-State income taxes, net of federal income tax effect	3.6	3.6	4.3
-Nondeductible trade names and goodwill amortization	1.6	1.5	1.4
-Other	(0.6)	(0.5)	(0.7)
	---	---	---
Effective rate	39.6%	39.6%	40.0%
	=====	=====	=====

No U.S. deferred taxes have been provided on the undistributed non-U.S. subsidiary earnings which are considered to be permanently invested. At December 31, 1997, the estimated amount of total unremitted non-U.S. subsidiary earnings is \$62.9 million.

The non-U.S. component of income before income taxes was \$64.5 million in 1997, \$40.4 million in 1996 and \$19.3 million in 1995.

13) OTHER NONOPERATING EXPENSES (INCOME)

Total other nonoperating expenses (income) for the years ended December 31 consist of the following:

	1997	1996	1995
	----	----	----
	(In millions)		
Trade names and goodwill amortization	\$31.9	\$23.6	\$19.3
Equity earnings*	(5.8)	(6.4)	(6.0)
Interest income	(5.3)	(3.7)	(1.9)
Dividend income	(4.0)	(11.0)	(12.8)
Net gain on marketable equity securities	(2.9)	-	(15.8)
Minority interest in income of subsidiary trust	1.5	-	-
Write-downs in carrying value of a long-term foreign investment accounted for under the equity method	-	1.3	16.0
Other	1.8	0.3	0.1
	----	----	----
	\$17.2	\$ 4.1	\$(1.1)
	=====	=====	=====

* Equity earnings in American Tool Companies, Inc., in which the Company has a 49% interest.

14) OTHER OPERATING INFORMATION

Industry Segment Information

The Company is a manufacturer and full-service marketer of staple consumer products sold to high-volume purchasers, including, but not limited to, discount stores and warehouse clubs, home centers and hardware stores, and office superstores and contract stationers. The Company's multi-product offering consists of products in three major product groups: Hardware and Home Furnishings, Office Products, and Housewares.

Product Group -----	Product Categories -----	Principal Brands (1) -----
Hardware and Home Furnishings	Window Treatments	Levolor LouverDrape Del Mar Newell Kirsch
	Hardware and Tools	Amerock Bulldog EZ Paintr BernzOmatic
	Picture Frames	Intercraft Decorel Burnes of Boston Holson
	Home Storage Products	Lee Rowan System Works

Office Products	Markers and Writing Instruments	Sanford Eberhard Faber Berol
	Office Storage and Organization	Rogers Eldon Rolodex
	School Supplies and Stationery	Stuart Hall

Housewares	Glassware and Plasticware	Anchor Hocking Pyrex (2)
	Aluminum Cookware and Bakeware	Mirro WearEver

Product Group	Product Categories	Principal Brands (1)
Housewares	Hair Accessories	Goody Ace Wilhold

(1) All listed brand names are trademarks, which are registered in the United States Patent and Trademark Office.

(2) Used under exclusive license from Corning Incorporated and its subsidiaries in Europe, the Middle East and Africa only.

Sales to Wal-Mart Stores, Inc. and subsidiaries amounted to approximately 15% of consolidated net sales in both 1997 and 1996 and 14% in 1995. Sales to each of the Company's other customers, individually, amounted to less than 10% of consolidated net sales.

Geographic Information

Prior to the 1994 acquisition of Newell Europe, the 1995 acquisition of Berol, and the 1997 acquisition of Kirsch, the Company operated principally in the United States. The Company now operates in several non-U.S. locations, including Australia, Canada, Colombia, England, France, Germany, Italy, Mexico, Portugal, Spain, Sweden and Venezuela. Summary financial information by geographic area included in the consolidated financial statements as of and for the years ended December 31 is as follows:

	1997		1996		1995	
	\$	% of Total	\$	% of Total	\$	% of Total
	(In millions)		(In millions)		(In millions)	
Net sales:						
-U.S.	\$2,694.7	83.3%	\$2,458.2	85.6%	\$2,157.0	86.3%
-Non-U.S.	539.6	16.7	414.6	14.4	341.4	13.7
Total	\$3,234.3	100.0%	\$2,872.8	100.0%	\$2,498.4	100.0%
Operating income:						
-U.S.	\$ 494.5	86.5%	\$ 437.7	90.1%	389.1	92.8%
-Non-U.S.	77.1	13.5	48.0	9.9	30.4	7.2
Total	\$ 571.6	100.0%	\$ 485.7	100.0%	\$ 419.5	100.0%
Total assets at December 31:						
-U.S.	\$3,274.1	83.0%	\$2,573.2	85.6%	\$2,501.0	85.4%
-Non-U.S.	669.7	17.0	431.9	14.4	426.1	14.6
Total	\$3,943.8	100.0%	\$3,005.1	100.0%	\$2,927.1	100.0%

Sales between geographic areas are not material. The Company's export sales, defined as sales of products made in the U.S. and sold primarily by the Company's export division to foreign customers, were approximately 2.8% of consolidated net sales in 1997, 2.5% in 1996 and 2.9% in 1995 (financial information is included in the non-U.S. category in the tables above).

15) LITIGATION

The Company and its subsidiaries are subject to certain legal proceedings and claims, including the environmental matters described below, that have arisen in the ordinary conduct of its business.

As of December 31, 1997, the Company was involved in various matters concerning federal and state environmental laws and regulations, including 35 matters in which they have been identified by the U.S. Environmental Protection Agency and certain state environmental agencies as potentially responsible parties ("PRPs") at contaminated sites under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and equivalent state laws.

In assessing its environmental response costs, the Company has considered several factors, including: the extent of the Company's volumetric contribution at each site relative to that of other PRPs; the kind of waste; the terms of existing cost sharing and other applicable agreements; the financial ability of other PRPs to share in the payment of requisite costs; the Company's prior experience with similar sites; environmental studies and cost estimates available to the Company; the effects of inflation on cost estimates; and the extent to which the Company's and other parties' status as PRPs are disputed.

Based on information available to it, the Company's estimate of environmental response costs associated with these matters as of December 31, 1997 ranged between \$16.7 million and \$24.1 million. As of December 31, 1997, the Company had a reserve equal to \$20.3 million for such environmental response costs in the aggregate. No insurance recovery was taken into account in determining the Company's cost estimates or reserve, nor do the Company's cost estimates or reserve reflect any discounting for present value purposes.

Because of the uncertainties associated with environmental investigations and response activities, the possibility that the Company could be identified as a PRP at sites identified in the future that require the incurrence of environmental response costs and the possibility of additional sites as a result of businesses acquired, actual costs to be incurred by the Company may vary from the Company's estimates.

Subject to difficulties in estimating future environmental response costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of amounts

reserved will have a material adverse effect on its consolidated financial statements.

The Company is involved in several legal proceedings relating to the importation and distribution of vinyl mini-blinds made with plastic containing lead stabilizers. In 1996, the Consumer Product Safety Commission found that such stabilizers deteriorate over time from exposure to sunlight and heat, causing lead dust to form on mini-blind surfaces and presenting a health risk to children under six years of age.

In July 1996, the California Attorney General and the Alameda County District Attorney filed a civil suit against 12 named companies, including a subsidiary of the Company, alleging failure to warn consumers adequately about the presence of lead in accordance with California law and seeking injunctions, civil penalties and restitutionary relief.

In August 1996, 15 companies, including a subsidiary of the Company, were named as defendants in a national and California private class action in Sacramento County Superior Court. In October 1997, 16 additional companies were named as defendants in this case, in which the plaintiffs currently allege that the Company's subsidiary used false and misleading advertising and employed unfair or fraudulent business practices in connection with the presence of lead in their blinds.

The plaintiffs seek injunctive relief, restitution of purchase price, suit costs, and reasonable attorneys' fees with respect to their claims against the Company's subsidiary. The Company has agreed to indemnify several of its retail customers that are named as defendants in one or both of these cases for liability directly related to actions or omissions of the Company. These two cases were coordinated in 1997, a coordination trial judge was appointed, and discovery is proceeding.

In February 1997, a subsidiary of the Company was named as the defendant in another case involving the importation and distribution of vinyl mini-blinds containing lead, which was filed as an Illinois and national private class action in the Cook County Chancery Division. In this case, the plaintiffs alleged violations of the Illinois Consumer Fraud and Deceptive Trade Practices Act and the Illinois version of the Uniform Deceptive Trade Practices Act, breach of implied warranty, fraud, negligent misrepresentation, negligence, unjust enrichment, and retention and retention of money unlawfully received. The plaintiffs seek injunctive relief, unspecified damages, suit costs and punitive damages.

Although management of the Company cannot predict the ultimate outcome of these matters with certainty, it believes that their ultimate resolution will not have a material effect on the Company's consolidated financial statements.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding executive officers of the Company is included as a Supplementary Item at the end of Part I of this Form 10-K.

Information regarding directors of the Company is included in the Company's Definitive Proxy Statement for the Annual Meeting of Stockholders to be held May 13, 1998 ("Proxy Statement") under the caption "Proposal 1 Election of Directors," which information is hereby incorporated by reference herein.

Information regarding compliance with Section 16(a) of the Exchange Act is included in the Proxy Statement under the caption "Section 16(a) Beneficial Ownership Compliance Reporting," which information is hereby incorporated by reference herein.

Item 11. Executive Compensation

Information regarding executive compensation is included in the Proxy Statement under the caption "Proposal 1 - Election of Directors - Information Regarding Board of Directors and Committees," the captions "Executive Compensation - Summary; - Option Grants in 1997; - Option Exercises in 1997; - Pension and Retirement Plans; - Employment Security Agreements," and the caption "Executive Compensation Committee Interlocks and Insider Participation," which information is hereby incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information regarding security ownership is included in the Proxy Statement under the caption "Certain Beneficial Owners," which information is hereby incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions

Not applicable.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) The following is a list of the financial statements of Newell Co. included in this report on Form 10-K which are filed herewith pursuant to Item 8:

Report of Independent Public Accountants

Consolidated Statements of Income - Years Ended December 31, 1997, 1996 and 1995

Consolidated Balance Sheets - December 31, 1997, 1996 and 1995

Consolidated Statements of Cash Flows - Years Ended December 31, 1997, 1996 and 1995

Consolidated Statements of Stockholders' Equity - Years Ended December 31, 1997, 1996 and 1995

Notes to Consolidated Financial Statements - December 31, 1997, 1996 and 1995

(2) The following consolidated financial statement schedule of the Company included in this report on Form 10-K is filed herewith pursuant to Item 14(d) and appears immediately preceding the Exhibit Index:

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

(3) The exhibits filed herewith are listed on the Exhibit Index filed as part of this report on Form 10-K. Each management contract or compensatory plan or arrangement of the Company listed on the Exhibit Index is separately identified by an asterisk.

(b) Reports on Form 8-K:

Registrant filed a Report on Form 8-K, dated December 12, 1997, relating to the public announcement of its completion of a private placement of \$500,000,000 of convertible preferred securities of a subsidiary trust.

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions		Deductions (B)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts (A)		
Allowance for doubtful accounts for the years ended:					
December 31, 1997	\$ 13,190	\$3,899	\$8,321	\$(7,737)	\$17,673
December 31, 1996	11,014	6,034	2,200	(6,058)	13,190
December 31, 1995	10,886	2,838	1,990	(4,700)	11,014

Note A - Represents recovery of accounts previously written off, along with reserves of acquired businesses.

Note B - Represents accounts charged off.

Description	Balance at Beginning of Period	Provision	Write-offs	Other (C)	Balance at End of Period
December 31, 1997	\$ 81,154	\$22,569	\$(30,332)	\$19,203	\$92,594
December 31, 1996	67,275	22,251	(30,721)	22,349	81,154
December 31, 1995	51,599	8,621	(17,200)	24,255	67,275

Note C - Represents reserves of acquired businesses, including provisions for product line rationalization.

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.

NEWELL CO.
 Registrant
 By /s/ William T. Alldredge

 William T. Alldredge
 Vice President-Finance
 Date March 5, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 5, 1998, by the following persons on behalf of the Registrant and in the capacities indicated.

Signature -----	Title -----
/s/ William P. Sovey ----- William P. Sovey	Chairman of the Board and Director
/s/ John J. McDonough ----- John J. McDonough	Vice Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Thomas A. Ferguson, Jr. ----- Thomas A. Ferguson, Jr.	President and Chief Operating Officer and Director
/s/ Donald L. Krause ----- Donald L. Krause	Senior Vice President-Corporate Controller (Principal Accounting Officer)
/s/ William T. Alldredge ----- William T. Alldredge	Vice President-Finance (Principal Financial Officer)
/s/ Alton F. Doody ----- Alton F. Doody	Director
/s/ Gary H. Driggs ----- Gary H. Driggs	Director

/s/ Daniel C. Ferguson Director

- - - - -
Daniel C. Ferguson

/s/ Robert L. Katz Director

- - - - -
Robert L. Katz

/s/ Elizabeth Cuthbert Millett Director

- - - - -
Elizabeth Cuthbert Millett

/s/ Cynthia A. Montgomery Director

- - - - -
Cynthia A. Montgomery

/s/ Allan P. Newell Director

- - - - -
Allan P. Newell

/s/ Henry B. Pearsall Director

- - - - -
Henry B. Pearsall

(C) EXHIBIT INDEX

		Exhibit Number	Description of Exhibit
		-----	-----
Item 3.	Articles of Incorporation and By-Laws	3.1	Restated Certificate of Incorporation of Newell Co., as amended as of September 7, 1995 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K").
		3.2	By-Laws of Newell Co., as amended through November 9, 1995 (incorporated by reference to Exhibit 4.2 to Pre-effective Amendment No. 1 to the Company's Registration Statement on Form S-3, Reg. No.33-64225, filed January 23, 1996).
Item 4.	Instruments defining the rights of security holders, including indentures	4.1	Restated Certificate of Incorporation of Newell Co., as amended as of September 7, 1995, is included in Item 3.1.
		4.2	By-Laws of Newell Co., as amended through November 9, 1995, are included in Item 3.2.
		4.3	Rights Agreement dated as of October 20, 1988 between the Company and First Chicago Trust Company of New York (formerly known as Morgan Shareholders Services Trust Company)(incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated October 25, 1988).
		4.4	Indenture dated as of April 15, 1992, between the Company and The Chase Manhattan Bank (National Association), Trustee (incorporated by reference to Exhibit 4.4 to the Company's Report on Form 8 amending the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1992).
			Pursuant to item 601(b)(4)(iii)(A) of Regulation S-K, the Company is not filing certain documents. The Company agrees to furnish a copy of each such document upon the request of the Commission.
Item 10.	Material Contracts	*10.1	The Newell Long-Term Savings and Investment Plan, as amended and restated effective May 1, 1993 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1993 (the "June 1993 Form 10-Q")).
		*10.2	The Company's Amended and Restated 1984 Stock Option Plan, as amended through February 14, 1990 (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1990 (the "1990 Form 10-K")).
		*10.3	Newell Co. Deferred Compensation Plan, as amended, effective October 23, 1986 (incorporated by reference to Exhibit 10.3 to the 1995 Form 10-K).
		*10.4	Newell Operating Company's ROA Cash Bonus Plan, effective January 1, 1977, as amended (incorporated by reference to Exhibit 10.8 to the 1981 Form S-14).
		*10.5	Newell Operating Company's ROI Cash Bonus Plan, effective July 1, 1966, as amended (incorporated by reference to Exhibit 10.9 to the 1981 Form S-14).
		*10.6	Newell Operating Company's Pension Plan for Salaried and Clerical Employees, as amended and restated, effective January 1, 1989 (incorporated by reference to Exhibit 10.2 to the June 1993 Form 10-Q).
		*10.7	Newell Operating Company's Pension Plan for Factory and Distribution Hourly-Paid Employees, as amended and restated, effective January 1, 1984 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1985 (File No. 0-7843) (the "1985 Form 10-K").
		*10.8	Newell Operating Company's Supplemental Retirement Plan for Key Executives, effective January 1, 1982, as amended (incorporated by reference to Amendment No. 2 to the Company's Registration Statement on Form S-14, File No. 2-71121, filed February 2, 1982).
		*10.9	Form of Employment Security Agreement with six executive officers (incorporated by reference to Exhibit 10.10 to the 1990 Form 10-K).
		10.10	Form of Placement Agency Agreement relating to private placement to accredited investors of unsecured notes of the Company (incorporated by reference to Exhibit 10.20 to the 1993 Form 10-K).

- 10.11 Amended and Restated Credit Agreement dated as of June 12, 1995 and amended and restated as of August 5, 1997 among the Company, certain of its affiliates, The Chase Manhattan Bank (National Association), as Agent, and the banks whose names appear on the signature pages thereto (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997).
- 10.12 Amended and Restated Trust Agreement, dated as of December 12, 1997 among Newell Co., as Depositor, The Chase Manhattan Bank, as Property Trustee, Chase Manhattan Delaware Trustee and C.R. Davenport, Brett E. Gries and Ronn L. Claussen, as Administrative Trustees (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-3, File No. 333-47261, filed March 3, 1998 (the "1998 Form S-3")).
- 10.13 Junior Convertible Subordinated Indenture for the 5.25% Convertible Subordinated Debentures, dated as of December 12, 1997, among Newell Co. and The Chase Manhattan Bank, as Indenture Trustee (incorporated by reference to Exhibit 4.3 to the 1998 Form S-3).
- 10.14 Registration Rights Agreement, dated December 12, 1997, between Newell Financial Trust I and Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Robert W. Baird & Co. Incorporated, Bear, Sterns & Co. Inc. and Merrill Lynch & Co., as Initial Purchasers (incorporated by reference to Exhibit 10.1 to the 1998 Form S-3).

PAGE 81

		10.15	Shareholders' Agreement and Irrevocable Proxy, dated as of June 21, 1985, among American Tool Companies, Inc., Newell Co., Allen D. Petersen, Kenneth L. Cheloha, Robert W. Brady, William L. Kiburz, Flemming Andresen and Ane C. Patterson.
		10.16	Newell Co. 1993 Stock Option Plan, effective February 9, 1993, as amended through November 6, 1997.
Item 11.	Exhibit	11	Statement of Computation of Earnings per Share of Common Stock.
Item 12.	Exhibit	12	Statement of Computation of Earnings to Fixed Charges.
Item 21.	Subsidiaries of the Registrant	21.1	Significant Subsidiaries of the Company.
Item 23.	Consent of experts and counsel	23.1	Consent of Arthur Andersen LLP.
Item 27.	Financial Data Schedule	27	Financial Data Schedule.
Item 99.	Additional Exhibits	99	Safe Harbor Statement.

* Management contract or compensatory plan or arrangement of the Company.

SHAREHOLDERS' AGREEMENT

AND

IRREVOCABLE PROXY

dated as of
June 21, 1985

by

and

among

American Tool Companies, Inc.
Newell Co.

Allen D. Petersen
Kenneth L. Cheloha
Robert W. Brady
William L. Kiburz
Flemming Andresen and
Ane C. Patterson

83

SHAREHOLDERS' AGREEMENT

AND

IRREVOCABLE PROXY

Agreement, dated as of June 21, 1985, by and among American Tool Companies, Inc., a corporation incorporated under the laws of Delaware (the "Corporation"), Newell Co., a corporation incorporated under the laws of Delaware ("Newell"), Messrs. Allen D. Petersen ("ADP"), Kenneth L. Cheloha ("Cheloha"), Robert W. Brady ("Brady"), William L. Kiburz ("Kiburz") and Flemming Andresen ("Andersen"), and Ane C. Patterson ("Patterson"). Newell, ADP, Cheloha, Brady, Kiburz, Andersen and Patterson are sometimes hereinafter referred to individually as a "Shareholder" and collectively as the "Shareholders". Shareholders excluding Newell are sometimes hereinafter referred to individually as a "Management Shareholder" and collectively as the "Management Shareholders".

W I T N E S S E T H:

WHEREAS, Newell and the Corporation have entered into a Securities Purchase Agreement dated as of June 21, 1985 (the "Newell Purchase Agreement"), pursuant to which Newell has purchased, and the Corporation has allotted, issued and sold to Newell, on the terms and subject to the conditions set forth therein, shares of Class A Common Stock, par value \$.10 per share, of the Corporation ("Class A Common Stock"), shares of Class B Common Stock, par value \$.10 per share, of the Corporation ("Class B Common Stock") (Class A Common Stock and Class B Common Stock are sometimes hereinafter referred to together as "Common Stock"), shares of Convertible Preferred Stock, par value \$100 per share, of the Corporation ("Preferred Stock") and warrants to purchase additional shares of Class A and Class B Common Stock; and

WHEREAS, Newell has purchased a subordinated note from Petersen Manufacturing Co., Inc. ("PMC") in the principal amount of \$14,000,000, on the terms and subject to the conditions set forth in that certain Subordinated Loan Agreement dated as of June 21, 1985 between Newell and PMC (the "Subordinated Loan Agreement"); and

WHEREAS, the Management Shareholders and the Corporation have entered into a Stock Purchase Agreement dated as of June 1, 1985 (the "Management Purchase Agreement"), pursuant to which each Management Shareholder has purchased, and the Corporation has allotted, issued and sold to each such Management Shareholder, on the terms and subject to the conditions set forth therein, shares of Class A and Class B Common Stock; and

WHEREAS, ADP and Newell have entered into a Put Agreement and a Call Agreement, each dated as of June 21, 1985 (collectively, the "Put and Call Agreements"), pursuant to which ADP has the right to

put, and Newell has the right to call, shares of Class B Common Stock on the terms and conditions set forth therein; and

WHEREAS, the Corporation and the Shareholders desire to enter into certain agreements with respect to the management of the Corporation, the voting and transfer of Common Stock and rights to acquire such Common Stock now owned or hereafter acquired by each of the Shareholders and certain other matters;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. PRIOR AGREEMENTS.

All prior agreements and understandings among any of the parties hereto with respect to the issuance, purchase, sale or voting of Common Stock or other securities of the Corporation, other than (i) the Newell Purchase Agreement, (ii) the Management Purchase Agreement, (iii) the Put and Call Agreements, (iv) the Subordinated Loan Agreement and (v) the warrants, dated June 21, 1985, of the Corporation issued to Newell (the "Warrants"), are hereby superseded and terminated and shall have no further force or effect.

2. OWNERSHIP OF COMMON STOCK, PREFERRED STOCK AND WARRANTS. On the date hereof, after taking into account the Common Stock, Preferred Stock and Warrants purchased by Newell pursuant to the Newell Purchase Agreement and the Common Stock purchased by the Management Shareholders pursuant to the Management Purchase Agreement, each Shareholder represents and warrants that it, he or she owns, free and clear of any liens, pledges or encumbrances, except for the shares subject to the Put and Call Agreements, the respective amounts of Common Stock, Preferred Stock and Warrants or other rights to acquire Common Stock, whether presently exercisable or exercisable at some future time (the Preferred Stock, Warrants and other rights to acquire Common Stock, whether presently exercisable or exercisable at some future time, are sometimes hereinafter referred to as "Rights"), set forth opposite such Shareholder's name below:

Name	Number of Shares of Class A Common Stock Owned	Number of Shares of Class B Common Stock Owned	Number of Shares of Preferred Stock Owned	Number of Warrant Units Owned
-----	-----	-----	-----	-----
Newell	3,500	-	4,649(2)	3,500 (3)(4)
ADP	3,972	34,920 (1)	-	-
Patterson	484	3,034	-	-
Cheloha	261	1,640	-	-
Brady	261	1,640	-	-
Kiburz	261	1,640	-	-
Andersen	261	1,640	-	-

(1) 10,014 shares of Class B Common Stock are subject to the Put and Call Agreements entered into with Newell.

(2) 4,649 shares of Preferred Stock are convertible into 11,940 shares of Class B Common Stock.

(3) 1,000 shares of Class A Common Stock and 6,273 shares of Class B Common Stock may be purchased at any time prior to June 21, 1990, upon exercise of the Warrant for 1,000 units.

(4) Up to 2,500 shares of Class A Common Stock and 15,682 shares of Class B Common Stock may be purchased, upon exercise of the Warrant for 2,500 Units, following certain defaults, if any, by PMC under the Subordinated Loan Agreement.

3. TERM OF AGREEMENT.

(a) Except as otherwise provided herein, this Agreement shall commence on the date hereof and shall continue in full force and effect until the earlier of ten years from the date hereof or the occurrence of any of the following events, at which time this Agreement shall automatically terminate:

(i) Upon the mutual Consent in writing of all of the parties hereto;

(ii) upon the sale of all of the outstanding Common Stock and Rights by all but one of the Shareholders; or

(iii) Upon the voluntary or involuntary dissolution of the Corporation.

(b) Except to the extent set forth in Section 6 hereof with respect to Newell's right to purchase shares of Common Stock in the event of the IPO (as defined hereinafter), the provisions of Sections 6, 7, 8, 9, 10 and 16 hereof shall be of no further force or effect immediately upon the issuance by the Corporation of Common Stock in an underwritten public offering pursuant to one or more effective registration statements under the U.S. Securities Act of 1933, as amended (the "Securities Act"); PROVIDED, HOWEVER, that, in all other respects, the provisions of this Agreement shall remain in full force and effect.

(c) In the event either ADP or Newell, together with any transferees of either such Shareholder pursuant to Section 7(b)(i) or 7(b)(ii) hereof, shall cease to be the beneficial owner of ten percent (10%) or more of the then issued and outstanding shares of Class A Common Stock, such Shareholder (and/or any such transferee) shall cease to be a party to (or a "Shareholder" as used in) this Agreement and, subject to Section 3(d) hereof, this Agreement shall no longer be binding upon or inure to the benefit of such Shareholder (and/or any such transferee).

(d) Nothing contained in this Section 3 shall affect or impair any rights or obligations arising prior to or at the time of, or that may arise by an event causing, (i) the termination of this Agreement pursuant to Section 3(a) hereof, (ii) the termination of the specified provisions of this Agreement pursuant to Section 3(b) hereof or (iii) the termination of the application of this Agreement to any party resulting from the operation of Section 3(c) hereof.

4. IRREVOCABLE PROXY.

Each of Patterson, Cheloha, Brady, Kiburz and Andersen hereby grants to, and is deemed to have executed in favor of, ADP an irrevocable proxy to vote all of the shares of Class A Common Stock owned by the grantor of the proxy, at all meetings of the stockholders of the Corporation or to give written consents in lieu of voting such shares, on all matters submitted to stockholders for vote, including but not limited to the election of directors of the Corporation as provided in Section 5 hereof. The proxy granted to ADP with respect to any shares of Common Stock shall terminate and be of no further force and effect with respect to such shares which are sold by the grantor of the proxy in accordance with the provisions of Section 7(b)(iii) or 8 hereof, or in the event ADP shall cease to be a party to this Agreement in accordance with Section 3(c) hereof or upon ADP's death.

5. VOTING AGREEMENT; DESIGNATION OF NOMINEES.

(a) Subject to the application to certain Shareholders of the provisions of Section 4 hereof, each Shareholder agrees that from and after the date hereof, such Shareholder will vote (or cause to be

voted) all Common Stock beneficially owned by such Shareholder so as to elect as the entire Board of Directors of the Corporation (the "Board"), and thereafter for the TERM OF THIS AGREEMENT to continue in office, (i) four persons designated by ADP and (ii) three persons designated by Newell, which designation will be made by each of ADP and Newell by written notice to the other after prior consultation with the other; PROVIDED, HOWEVER, in the event that ADP or Newell shall cease to be a party to this Agreement in accordance with Section 3(c) hereof, no remaining party to this Agreement shall be under any obligation to vote its, his or her Common Stock to elect to the Board or continue in office such former party or its designees.

(b) Each of ADP and Newell may at any time Cause any of the persons designated by him or it to serve as a member of the Board to be removed as a member of the Board with or without cause and, upon the written request of either ADP or Newell, each other Shareholder agrees to vote, subject to Section 4 hereof, all of its, his or her Common Stock, as and to the extent provided in Section 5(a) hereof, to effect such removal. In the event that there is a vacancy in the Board caused by the death, resignation or removal of a person designated by ADP or Newell to serve as a member of the Board, each other Shareholder agrees to vote, subject to Section 4 hereof, all of its, his or her Common Stock, as and to the extent provided in Section 5(a) hereof, to elect to the Board, and thereafter to continue in office, such substitute director as ADP or Newell, as the case may be, designates after consultation with the Corporation.

(c) Subject to Section 4 hereof, each Shareholder agrees, upon the request of ADP or Newell (and for so long as ADP or Newell is a party hereto), to grant to ADP and Newell a proxy to vote, or to give a written consent with respect to, all of the Common Stock beneficially owned by the grantor of the proxy for the election to the Board or the removal from the Board of the person or persons designated by ADP and Newell pursuant to Section 5(a) or 5(b) hereof.

6. MAINTENANCE OF INTEREST OF NEWELL. The Corporation hereby grants to Newell, as long as it owns any shares of Class A Common Stock, the right to maintain its equity and voting interest in the Corporation as follows:

(a) Except with respect to the issuance of Common Stock (and/or options with respect thereto) to employees of the Corporation and/or its subsidiaries pursuant to a stock purchase plan, stock option plan, stock bonus plan or other similar arrangement or combination thereof approved by the Board pursuant to which a number of shares aggregating not more than five percent (5%) of the outstanding shares of Class A Common Stock and a number of shares aggregating not more than five percent (5%) of the outstanding shares of Class B Common Stock, on the date hereof may be issued, the Corporation shall, within thirty (30) days following any issuance (whether or not for consideration) or sale by the Corporation of any

Common Stock, notify Newell thereof in writing, which notice shall specify the kind and amount of Common Stock that the Corporation has issued or sold and contain a detailed description of the terms of such issuance or sale (including the issuance or sale price, if any), and shall offer to Newell, to the extent that no adjustment is made in the Warrant Purchase Price under the Warrants, the opportunity to acquire, at the "per share or equivalent price" described below, such number of shares of such Common Stock as shall allow Newell, immediately following the issuance or sale of all such Common Stock, to be the owner, in the aggregate, of its Proportionate Equity Interest (as hereinafter defined); PROVIDED, HOWEVER, that with respect to the issuance and sale by the Corporation of Common Stock in an underwritten initial public offering pursuant to an effective registration statement under the Securities Act (the "IPO"), the Corporation shall, not less than thirty (30) days prior to the filing of the registration statement in respect thereof, notify Newell in writing of the Corporation's intent to file such registration statement, which notice shall contain the proposed terms of the IPO, and Newell shall have a period of fifteen (15) days following the Corporation's notice within which to notify the Corporation, by written notice, of its irrevocable election to exercise its right to acquire, in the event of such IPO, shares of Common Stock pursuant to this Section 6(a). Following the receipt by the Corporation of such notice, the Corporation shall have the right, in its sole discretion, not to proceed with the IPO. For the purposes hereof, "Proportionate Equity Interest" with respect to Newell shall mean the respective percentages of issued and outstanding shares of Class A and Class B Common Stock owned by Newell immediately prior to each such issuance or sale. For the purpose of computing the Proportionate Equity Interest of Newell the following shall be assumed: (1) the complete conversion of all Rights that consist of securities convertible into Common Stock; and (2) the exercise and/or purchase of all Common Stock purchasable pursuant to all other Rights (excluding those purchasable upon exercise of the Warrants following certain defaults, if any, by PMC under the Subordinated Loan Agreement). The "per share or equivalent price", if any, payable by Newell and all other terms and conditions of the offer to Newell, shall be identical to that paid and agreed to by the other parties in connection with such issuance or sale; PROVIDED, HOWEVER, that if the purchase price was paid by other parties in kind or is for any other reason of a type of consideration which Newell cannot readily deliver, Newell shall nevertheless be entitled to pay the purchase price in cash, such price to be an amount equal to the monetary equivalent value to the Corporation of such consideration in kind or other consideration which Newell cannot readily deliver, as determined in good faith by the Board.

(b) Except as otherwise provided for in Section 6(a) in respect of the issuance and sale by the Corporation of Common Stock in the IPO, Newell shall have a period of thirty (30) days following the Corporation's notice pursuant to Section 6(a) hereof within which it may elect, by written notice thereof, to purchase the Common Stock

offered to it pursuant to Section 6(a) hereof. Newell's election to purchase the Common Stock offered pursuant to Section 6(a) hereof may be for all and not part of the Common Stock so offered. The closing of the purchase by Newell of the Common Stock offered pursuant to Section 6(a) hereof shall occur at the offices of the Corporation in DeWitt, Nebraska, at such time as may be specified in the written notice of election of Newell, which shall be no less than five (5) nor more than thirty (30) days after the date of such notice of election to purchase, except with respect to the purchase by Newell of Common Stock following the issuance and sale of Common Stock pursuant to the IPO, the closing shall occur not more than twenty (20) days after the effective date of the registration statement filed in connection therewith.

(c) Any and all Common Stock to be issued by the Corporation to Newell pursuant to this Section 6 shall be duly authorized and validly issued as fully paid and non-assessable.

7. RESTRICTIONS ON SALE OR OTHER DISPOSITION OF SHARES BY SHAREHOLDERS.

(a) Subject to Section 3(b) hereof and except as provided in Sections 8, 9 and 10 hereof and/or as otherwise permitted by this Section 7 and except for any sales pursuant to the Put and Call Agreements, during the period of time commencing on the date hereof and continuing until the termination of this Agreement, no Shareholder, either directly or indirectly, shall sell, assign, mortgage, hypothecate, transfer, pledge, create a security interest in or lien upon, encumber, give, place in trust, or otherwise voluntarily or involuntarily dispose of any Common Stock or Rights now owned or hereafter acquired by such Shareholder.

(b) Notwithstanding anything to the contrary contained in Section 7(a) hereof, each Shareholder shall have the right to transfer his, her or its Common Stock or Rights as follows:

(i) Each Management Shareholder shall have the right to transfer any or all of the Common Stock and Rights, if any, owned by him or her for no consideration or at a price to be determined in the sole discretion of such Shareholder, provided that (a) the transfer is to (I) his or her spouse, his or her issue, and/or a trust or trusts for the benefit of his or her spouse and/or issue, or (II) any other Management Shareholder, and (b) whether the transfer is made during his or her lifetime or by testamentary bequest in the event of his or her death, each transferee agrees in writing, at the time of the transfer, to be bound by all of the provisions of this Agreement which would be applicable to the transferring Shareholder if he or she continued to own the Common Stock or Rights so transferred.

(ii) Newell may at any time hereafter transfer any or all of its Common Stock or Rights to any direct or indirect wholly-owned subsidiary of Newell upon such terms as may be agreed upon by Newell and its transferee; PROVIDED, HOWEVER, that any such transferee shall acquire the Common Stock or Rights so transferred subject to all the terms and conditions of this Agreement; and FURTHER PROVIDED that if at any time such transferee subsidiary shall cease to be a direct or indirect wholly-owned subsidiary of Newell, all such Common Stock and Rights, if any, so transferred shall revert immediately to Newell.

(iii) Each Shareholder shall have the right, to sell his, her or its Common Stock or Rights free and clear of the terms, provisions and restrictions of this Agreement in a bona fide public offering of securities pursuant to a registration statement under the Securities Act.

In the event of any transfer in accordance with the provisions of this Section 7(b), prompt written notice of the transfer shall be delivered by the transferring Shareholder to the Corporation and each of the other Shareholders, and, in the case of any transfer pursuant to Section 7(b)(i) or (ii) hereof, references herein to "Shareholder" or "Shareholders" shall include each such permitted transferee.

8. SALE BY NEWELL OR ADP.

(a) If at any time Newell proposes to sell all or any portion of its Common Stock and Rights to a bona fide purchaser or purchasers, Newell shall provide each Management Shareholder with not less than thirty (30) days' prior written notice of such proposed sale, which notice shall include all of the terms and conditions of such proposed sale, and each Management Shareholder shall have the option, exercisable by written notice to Newell within thirty (30) days after the receipt of Newell's notice to such Shareholder, to elect to require Newell to arrange for such bona fide purchaser or purchasers to purchase all or the same proportionate part of such Management Shareholder's Common Stock at the same time and upon the same terms and conditions at which Newell sells its Common Stock and Rights. For purposes of this Agreement, the proportionate part shall be based on the assumption that Newell's ownership of Common Stock includes shares of Common Stock exercisable upon exercise of Rights. As to any Management Shareholder who shall so elect, Newell shall either (i) arrange for the proposed purchaser or purchasers to purchase all or the same proportional part of such Management Shareholder's Common Stock at the same time and upon the same terms and conditions at which Newell sells its Common Stock and Rights, or (ii) not effect the proposed sale to such purchaser or purchasers.

(b) If at any time ADP proposes to sell all or any portion of his Common Stock to a bona fide purchaser or purchasers, ADP shall

provide Newell and each of the other Management Shareholders (each of Newell and such other Management Shareholders are sometimes individually referred to in this Section 8(b) as an "Offeree" and collectively as the "Offerees") with not less than thirty (30) days' prior written notice of such proposed sale or exchange, which notice shall include all the material terms and conditions of such proposed sale or exchange and shall identify the purchaser or purchasers. Each Offeree shall have the option, exercisable by written notice to ADP within thirty (30) days after the receipt of ADP's notice by such Offeree, to require ADP to arrange for such bona fide purchaser or purchasers to purchase all or the same proportionate part of such Offeree's Common Stock at the same time and upon the same terms and conditions at which ADP sells his Common Stock. If any Offeree shall so elect, ADP shall either (i) arrange for the proposed purchaser or purchasers to purchase all or the same proportionate part of such Offeree's Common Stock at the same time as and upon the same terms and conditions at which ADP sells his Common Stock, or (ii) not effect the proposed sale to such purchaser or purchasers.

(c) In the event that any of the foregoing requires the purchase price of Common Stock to be derived from a sale of Rights, the price per share of Common Stock shall be \$550 plus 1/1,000 of the consideration for the sale of the Rights and if the sale price of the Rights are to be determined from purchase of Common Stock, it shall be the sale price per share of the Common Stock less \$550, which sum shall be multiplied by 1,000.

9. DEATH OR DISABILITY OF A MANAGEMENT SHAREHOLDER.

(a) In the event of the death or disability (as hereinafter defined) of any of Cheloha, Brady, Kiburz or Andersen, or in the event of the death of Patterson, his or her executor, administrator or committee, as the case may be, shall, on the tenth (10th) day after appointment of such executor, administrator, or committee by a court of competent jurisdiction, be deemed to have offered for sale to ADP all of the Common Stock owned by such deceased or disabled Shareholder at the date of death or disability, at the price and upon the terms and conditions hereinafter set forth in Sections 11 and 12 hereof, and ADP shall have a period of thirty (30) days after the date of such appointment in which to accept such offer, which acceptance may be for all or part of the Common Stock so offered. If ADP elects to accept all or part of the Common Stock so offered, he shall so signify within such thirty (30) day period by written notice thereof to the personal representative of such deceased or disabled Shareholder, the other Management Shareholders and the Corporation.

As used herein, disability shall mean a physical or mental illness or incapacity which prevents the disabled individual from performing his customary business duties for a continuous period of twelve (12) months.

(b) If ADP, for any reason, fails to accept all of the Common Stock offered pursuant to Section 9(a) above within such thirty (30) day period, then a succeeding offer of the Common Stock not accepted by ADP shall be deemed to have been made, immediately upon the expiration of such thirty (30) day period, upon the terms and conditions hereinafter set forth in Sections 11 and 12 hereof, to the other Management Shareholders, provided that such Management Shareholders are then owners of shares of Common Stock, in proportion to each such other Management Shareholder's respective ownership of Common Stock, or in such proportions as they shall otherwise agree, and each such Management Shareholder shall have a further period of twenty (20) days within which to accept such offer, which acceptance may be for all or part of the Common Stock so offered. Any such Management Shareholder electing to accept all or part of the Common Stock so offered shall so signify by written notice to the personal representative of the deceased or disabled Shareholder and the Corporation.

(c) In the event that one or more of such other Management Shareholders fails or declines to accept the offer to purchase all of the Common Stock offered pursuant to Section 9(b) above, then a succeeding offer of such unaccepted shares of Common Stock shall, immediately upon the expiration of the twenty (20) day period provided for in Section 9(b) above, be deemed to have been made to the Corporation upon the terms and conditions hereinafter set forth in Sections 11 and 12 hereof, and the Corporation shall immediately be deemed to have accepted all such shares of Common Stock so offered. The Corporation shall have the right, at its sole discretion to assign to any of its wholly-owned subsidiaries its rights and obligations under this Section 9 and the performance by any such subsidiary shall constitute performance by the Corporation for purposes of this Section 9.

(d) Notwithstanding anything to the contrary contained in this Section 9, ADP, the other Management Shareholders and the Corporation may, either during the thirty (30) day period referred to in Section 9(a) above or the twenty (20) day period referred to in Section 9(b) above, agree each to purchase shares from the deceased or disabled Shareholder, in such proportions as they may agree, so long as all of the Common Stock offered for sale are purchased by them, and so long as they shall so signify within such thirty (30) or twenty (20) day period by a joint notice to the representative of such deceased or disabled Shareholder.

(e) No written notice of offer need be mailed by the personal representative of such deceased or disabled Shareholder except that written notice of the issuance of letters testamentary or letters of administration shall be given to ADP, the other Management Shareholders and the Corporation by the personal representative of such deceased or disabled Shareholder.

(f) In the event that at any time the Corporation's surplus is insufficient to enable the Corporation, as a purchaser hereunder, to purchase shares which it elects or agrees to purchase, the Shareholders (for themselves and their respective heirs, successors, personal representatives and assigns) agree that they shall forthwith take appropriate steps to effect a sufficient reduction of the stated capital of the Corporation to enable such purchase to be made Solely for the purpose of effecting such reduction in stated capital, the Shareholders grant to, and are hereby deemed to have executed in favor of each other (and their respective heirs, successors, personal representatives and assigns):

(a) An irrevocable proxy to vote all of the shares of the Corporation owned by the grantor of the proxy in favor of a reduction in stated capital at a meeting of the Shareholders of the Corporation held to vote upon and authorize such reduction in stated capital; and

(b) An irrevocable power of attorney to sign and file any and all papers required to be signed and filed by the grantor of the power of attorney in order to effect the requisite reduction in stated capital.

10. TERMINATION OF EMPLOYMENT.

(a) In the event the employment of any of Cheloha, Brady, Kiburz or Andersen with the Corporation and all of its subsidiaries (direct or indirect) is terminated without Cause (as hereinafter defined), or if any of Cheloha, Brady, Kiburz or Andersen shall voluntarily terminate his employment with the Corporation and all of its subsidiaries at any time following the fifth anniversary of the date hereof, such Shareholder shall be deemed immediately to have offered, in accordance with the provisions of Sections 9, 11 and 12 hereof, all of the Common Stock owned by such Shareholder at the time of such termination for sale to ADP, the other Management Shareholders and the Corporation.

(b) In the event any of Cheloha, Brady, Kiburz or Andersen shall voluntarily terminate his employment with the Corporation and all of its subsidiaries prior to the fifth anniversary of the date hereof, or the Corporation shall cause or direct PMC to terminate such Shareholder's employment for Cause, such Shareholder shall be deemed immediately to have offered in accordance with the provisions of Sections 9, 11 and 12 hereof, all of the Common Stock owned by him at the time of such termination for sale to ADP, the other Management Shareholders and the Corporation.

(c) For purposes of this Section 10, any of the following acts shall constitute termination of employment for Cause:

(i) the commitment of any material breach of any of the provision or covenants of such Shareholder's employment agreement;

(ii) any act of gross negligence in the performance of such Shareholder's duties or obligations as an employed of the Corporation or any of its direct or indirect subsidiaries; or

(iii) any material act of misfeasance, malfeasance, disloyalty, dishonesty or breach of trust against the Corporation or any of its direct or indirect subsidiaries.

11. PURCHASE PRICE.

(a) The purchase price of any Common Stock owned by a Shareholder and offered for sale or sold pursuant to the provisions of Section 9 or 10(a) of this Agreement shall be the greater of (i) an amount equal to the amount such Shareholder would have received on the date of such offer and sale, had he invested the subscription price of such Common Stock on the Closing Date in an investment which yielded 10% per annum, compounded annually, but which investment and yield remained unpaid until the date of such offer, or (ii) the fair market value thereof and, if such Common Stock is not publicly traded, fair market value for purposes hereof shall be deemed the "Book Value" (as hereinafter defined) of such Common Stock as at the end of the last preceding fiscal year.

(b) The purchase price of any Common Stock owned by a Shareholder and offered for sale or sold pursuant to the provisions of Section 10(b) of this Agreement shall be, if prior to the fifth anniversary of the date hereof, the greater of (i) 70% of the subscription price of such Common Stock as provided in the Management Purchase Agreement or (ii) the "Book Value" (as hereinafter defined) of such Common Stock, provided that in no event shall such purchase price exceed the subscription price thereof provided in the Management Purchase Agreement, and thereafter, the lesser of such subscription price or "Book Value".

(c) For purposes of this Agreement, "Book Value" shall be the common shareholders' equity per share as of the relevant date, as determined by the certified public accountants regularly engaged by the Corporation, in accordance with generally accepted accounting principles and the regular methods and practices used by the Corporation in keeping its books, applied on a consistent basis.

(d) The determination of Book Value by the regular certified public accountants for the Corporation shall be final, conclusive and binding upon all of the parties hereto, including the

successors, assigns, heirs, and personal representatives of the Shareholders.

12. PROCEDURE ON TRANSFER AND PAYMENT OF PURCHASE PRICE.

(a) The closing date for the sale of any Common Stock sold pursuant to the provisions of Section 9 or 10 of this Agreement shall be not later than ninety (90) days after an offer is accepted or deemed accepted pursuant to Section 9 or 10 of this Agreement, or if such ninetieth (90th) day shall be a Saturday, Sunday or legal holiday, then the next business day thereafter. The closing shall take place at the then offices of the Corporation, or at such other place as may be agreed upon in writing by all interested parties.

(b) Payment in full of the purchase price for any Common Stock sold pursuant to the provisions of Section 9 or 10 of this Agreement shall be made in cash or by certified check delivered at the closing and such payment shall be made against delivery of certificates representing such Common Stock, endorsed in blank or accompanied by appropriate stock powers endorsed in blank, with signatures guaranteed, and further accompanied by any requisite stock transfer tax stamps and in the case of purchase from a legal representative, the certificates representing such Common Stock shall also be accompanied by a certificate of the appointment of the representative, a certified copy of the Will, if any, and an affidavit to the effect that all legacies, debts, claims and taxes have been paid or are amply provided for, and other applicable state tax waivers and releases of tax liens.

(c) If for any reason any Common Stock being purchased is not transferred and delivered as herein provided, the Corporation or its then-President, Vice-President or Secretary, is hereby authorized and empowered to make, execute and deliver any and all assignments, transfers and powers of attorney, in writing, necessary or required for the transfer of such Common Stock on the books of the Corporation and to cause such Common Stock to be transferred and the certificates therefor issued to be cancelled and new certificates issued to the purchaser or purchasers thereof, as the case may be, and thereafter the retiring Shareholder's rights or those of his personal representatives, as the case may be, shall be limited to the right to receive and collect the purchase price hereunder. Any Common Stock delivered or transferred subject to the terms hereof shall thereafter remain subject to the terms and conditions hereof.

13. REGISTRATION RIGHTS.

(a) DEMAND REGISTRATION RIGHTS. If, at any time and from time to time after the Corporation has effected a bona fide public offering of Common Stock pursuant to an effective registration statement under the Securities Act, the Corporation shall receive written notice from Newell, which notice states that Newell desires to

transfer ten percent (10%) or more of the then issued and outstanding shares of Class A or Class B Common Stock under circumstances that would result in a public distribution (within the meaning of the Securities Act) of such Common Stock and require the filing of a registration statement under the Securities Act, then the Corporation shall, at the request of Newell, cause to be prepared and filed an appropriate registration statement under the Securities Act to allow the sale of such shares as soon as practicable after the receipt of such notice, and the Corporation will use its best efforts to cause such registration to become effective; PROVIDED, HOWEVER, that, that (i) the Corporation shall not have any obligation to effect more than four registrations of Common Stock for Newell under this Section 9(a) and (ii) the Corporation shall not have any obligation to cause a registration statement to be prepared and filed under this Section 13(a) within ninety (90) days after any registration statement filed pursuant to Section 13(b) hereof has become or been declared effective.

(b) "PIGGYBACK" REGISTRATION RIGHTS. The Corporation shall, at least thirty (30) days prior to the filing of a registration statement under the Securities Act relating to the public offering of any class of its equity securities, or any security of the Corporation convertible into or exercisable for any class of its equity securities, by the Corporation or any of its security holders, give written notice of such proposed filing and of the proposed date thereof to the Shareholders, and if, on or before the twentieth (20th) day following the date on which such notice is given, the Corporation shall receive a written request from any of such Shareholders requesting that the Corporation include among the securities covered by such registration statement or prospectus the Common Stock owned by such Shareholder for offering for sale in a manner and on terms set forth in such request, the Corporation shall include such shares in such registration statement or prospectus, if filed, so as to permit such shares to be sold or disposed of in the manner and on the terms of the offering thereof set forth in such request.

(c) TERMS AND CONDITIONS OF REGISTRATION OR QUALIFICATION. In connection with any registration statement filed pursuant to Section 13(a) or 13(b) hereof the following provisions shall apply:

(i) Each Shareholder shall, if requested by the managing underwriter, agree not to sell publicly any shares of the Corporation held by such Shareholder (other than the shares so registered) for a period of up to 120 days following the effective date of the registration statement or prospectus relating to such offering.

(ii) If such registration statement shall be filed pursuant to Section 13(b) hereof and if the Corporation's managing underwriter advises that the inclusion in such registration or qualification of some or all of the shares

of the Shareholders sought to be registered by such Shareholders creates a substantial risk that the proceeds or price per share the Corporation will derive from such registration or qualification will be reduced or that the number of shares to be registered or qualified at the instance of the Corporation plus the number of shares sought to be registered or qualified by the Shareholders and any other security holders of the Corporation is too large a number to be reasonably sold, the number of shares sought to be registered or qualified for each Shareholder and each other security holder of the Corporation shall be reduced, pro rata in proportion to the number of shares sought to be registered or qualified by all such persons, to the extent necessary to reduce the number of shares to be registered or qualified to the number recommended by the managing underwriter.

(iii) The Shareholders will promptly provide the Corporation with such information as it shall reasonably request in order to prepare such registration statement or prospectus.

(iv) All expenses in connection with the preparation of any registration statement or prospectus filed pursuant to Section 13(a) or 13(b), including, without limitation, any and all legal and accounting fees (but not including fees and disbursements of counsel for, or other experts retained by any Shareholder), shall be borne by the Corporation, except that each Shareholder shall be required to bear that portion of the additional SEC, NASD and Blue Sky registration and filing fees attributable solely to the inclusion of such Shareholder's shares of Common Stock.

(v) Following the filing date of such registration statement, the Corporation shall, upon the request of the Shareholders, forthwith supply such number of prospectuses (including preliminary prospectuses and amendments and supplements thereto) meeting the requirements of the Securities Act as shall be requested by the Shareholders to permit the Shareholders to make a public distribution of their shares, provided that the Shareholders furnish the Corporation with such appropriate information relating to the Shareholders' intentions in connection therewith as the Corporation shall reasonably request in writing.

(vi) The Corporation shall use its best efforts to cause each registration statement filed pursuant to Section 13(a) or 13(b) hereof to become effective as expeditiously as possible and shall prepare and file such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary

to keep such registration statement or prospectus effective and to comply with the provisions of the Securities Act or the securities laws of any state where the registration statement or prospectus has been filed with respect to the offer and sale or other disposition of the shares covered by such registration statement or prospectus during the period required for distribution of the shares, which period shall not be in excess of nine (9) months from the effective date of such registration statement or prospectus.

(vii) The Corporation shall select the underwriter or underwriters, if any, who are to undertake any offering of securities with respect to which the Shareholders may have registration rights pursuant to Section 13(b) hereof and the underwriter selected by Newell in a registration pursuant to Section 13(a) shall be reasonably acceptable to the Corporation.

(d) INDEMNIFICATION.

(i) In the event of the registration or qualification of any shares of the Shareholders under the Securities Act pursuant to the provisions of this Section 13, the Corporation agrees to indemnify and hold harmless each Shareholder thereby offering such shares for sale (a "seller"), each underwriter, broker or dealer, if any, of such shares, and each other person, if any, who controls any such seller, underwriter, broker or dealer within the meaning of the Securities Act, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, to which such seller, underwriter, broker or dealer or controlling person may become subject under the Securities Act or the applicable securities laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such shares were registered or qualified under the Securities Act, any preliminary prospectus or final prospectus relating to such shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Corporation of any rule or regulation under the Securities Act applicable to the Corporation or relating to any action or inaction required by the Corporation in connection with any such registration or qualification and will reimburse each such seller, underwriter, broker or dealer and each such controlling person for any legal or other expenses reasonably incurred

by such seller, underwriter, broker or dealer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that the Corporation will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in a such registration statement, such preliminary prospectus, such final prospectus or such amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Corporation by such seller, underwriter, broker, dealer or controlling person specifically and expressly for use in the preparation thereof.

(ii) In the event of the registration of any shares of the Shareholders under the Securities Act for sale pursuant to the provisions hereof, each seller and each other person, if any, who controls any such seller, within the meaning of the Securities Act, agrees severally, and not jointly, to indemnify and hold harmless the Corporation, each person who controls the Corporation within the meaning of the Securities Act, and each officer and director of the Corporation from and against any losses, claims, damages or liabilities, joint or several, to which the Corporation, such controlling person or any such officer or director may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such shares were registered or qualified under the Securities Act, any preliminary prospectus or final prospectus relating to such shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, which untrue statement or alleged untrue statement or omission or alleged omission was made therein in reliance upon and in conformity with written information furnished to the Corporation by such seller or controlling person specifically for use in connection with the preparation thereof or arise out of or are based upon any violation by such seller or controlling person of any rule or regulation under the Securities Act or any action or inaction required by the Corporation in connection with such registration or qualification, and will reimburse the Corporation, such controlling person of the Corporation and each such officer or director of the Corporation for any legal or any other expenses reasonably incurred by them in

connection with investigating or defending any such loss, claim, damage, liability, or action.

(iii) Promptly after receipt by a person entitled to indemnification under this Section 13(d) (an "indemnified party") of notice of the commencement of any action or claim relating to any registration statement filed under Section 13(a) or 13(b) hereof or as to which indemnity may be sought hereunder, such indemnified party will, if a claim for indemnification hereunder in respect thereof is to be made against any other party hereto (an "indemnifying party"), give written notice to such indemnifying party of the commencement of such action or claim, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than pursuant to the provisions of this Section 13(d) and shall also not relieve the indemnifying party of its obligations under this Section 13(d) except to the extent that the omission results in a failure of actual timely notice to the indemnifying party or such indemnifying party is damaged solely as a result of the failure to give timely notice. In case any such action is brought against an indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled (at its own expense) to participate in and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense, with counsel satisfactory to such indemnified party, of such action and/or to settle such action and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than the reasonable cost of investigation; PROVIDED, HOWEVER, that no indemnifying party and no indemnified party shall enter into any settlement agreement which would impose any liability on such other party or parties without the prior written consent of such other party, or parties, unless such other party, or parties, are fully indemnified to its or their satisfaction, as the case may be, against any such liability.

14. ISSUANCE OF ADDITIONAL COMMON STOCK; AFTER ACQUIRED COMMON STOCK.

(a) The Board may, from time to time, authorize the issuance of additional Common Stock or Rights to the Shareholders or to other persons for a purchase price to be determined by the Board; PROVIDED, HOWEVER, that the Corporation, for a period of one (1) year from the date hereof, shall not issue any additional Common Stock,

except pursuant to a stock purchase plan, stock option plan, stock bonus plan or other similar arrangement approved by the Board.

(b) Except as provided in Section 3(b) hereof, all of the provisions of this Agreement shall apply to all Common Stock or Rights now owned or which may be issued or transferred to a Shareholder or to his transferee in consequence of any additional issuance, purchase, exchange or reclassification of Common Stock, corporate reorganization or any other form of recapitalization, or stock split, stock dividend or which are acquired by a Shareholder in any other manner.

15. REPRESENTATIONS OF THE SHAREHOLDERS AND THE CORPORATION.

(a) Each Management Shareholder hereby represents that he or she has the legal right and capacity to enter into this Agreement and that he or she fully understands the terms of this Agreement.

(b) Each of Newell and the Corporation hereby represents that it is authorized, and has all requisite power and authority, to execute and deliver this Agreement and form the obligations created hereby, and that this Agreement has been duly and validly executed by it and constitutes its valid and binding obligation enforceable in accordance with its terms.

16. RECORDS AND REPORTS. The Corporation hereby covenants and agrees with Newell that the Corporation shall accurately and fairly maintain its books of account in accordance with generally accepted accounting principles; employ independent certified public accountants approved by the Board to make annual audits of its accounts in accordance with generally accepted auditing standards; permit Newell and its representatives to have access to and to examine its properties, books and records (and to copy and make extracts therefrom) at such reasonable times and intervals as Newell may request and to discuss its affairs, finances and accounts with its officers and auditors, all to such reasonable extent and at such reasonable times and intervals as Newell may request; and furnish to Newell all of the financial reports described in Section 6.1 of the Subordinated Loan Agreement. Newell hereby agrees that any information received by it in its capacity as a Shareholder or through its representation on the Board, or pursuant to this Section 16, including information received by it pursuant to the Subordinated Loan Agreement, shall be maintained in confidence; PROVIDED, HOWEVER, that such obligation shall not apply to any information which becomes known to the public through no fault of Newell; and PROVIDED, FURTHER, that Newell, upon the written consent of the Corporation, which consent shall not be unreasonably withheld, may reveal such information to prospective transferees of Common Stock or Rights owned by it.

17. LEGEND. Each certificate representing Common Stock or Rights owned by the Shareholders or by any persons subject to the

provisions of this Agreement shall (in addition to any other legend(s)) have stamped, printed or typed thereon the following legend (or a legend substantially similar thereto):

"This certificate and the shares (or the rights, options or warrants to purchase shares) represented hereby are subject to and shall be transferable only in accordance with the provisions of a certain Shareholders' Agreement, dated as of June 21, 1985, among American Tool Companies, Inc., Newell Co., Ane C. Patterson and Messrs. Petersen, Cheloha, Brady, Kiburz and Andresen, a copy of which is on file with the Secretary of American Tool Companies, Inc."

18. AGREEMENT BY THE CORPORATION. No transfer of Common Stock or Rights made in contravention of this Agreement shall be recognized by the Corporation, and the Corporation will not at any time permit any transfer to be made on its books or records of the certificates representing the Common Stock or Rights of the Shareholders or any other person subject to the provisions of this Agreement, unless such transfer is made pursuant to and in accordance with the terms and conditions of this Agreement.

19. SPECIFIC PERFORMANCE. The Shareholders agree that inasmuch as the Common Stock is closely held and the market therefor is limited, irreparable damage would result if this Agreement is not specifically enforced. Therefore, each of the parties hereto hereby consents that the restrictions on the transfer of Common Stock and Rights and the obligations to offer for sale Common Stock and Rights contained in Sections 7, 8, 9 and 10 hereof shall be enforceable in a court of equity by a decree of specific performance, and that injunctive relief may be granted to any party hereto in connection therewith. Such remedies shall be cumulative and not exclusive and shall be in addition to any other rights or remedies which any party may have under this Agreement or otherwise.

20. COMPLETE AGREEMENT. Except as otherwise provided in Section 1 hereof, this Agreement constitutes the complete understanding among the parties with respect to its subject matter and no alteration or modification of any of its provisions shall be valid unless made in writing and signed by all of the parties hereto.

21. SECTION HEADINGS. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

22. SUCCESSORS AND ASSIGNS. All of the terms of this Agreement shall inure to the benefit of and shall be binding upon the heirs, executors, administrators, personal representatives, successors

and permitted assigns of the Shareholders and upon the successors and assigns of the Corporation.

23. NOTICES. All notices, offers, acceptances and other communications required or permitted hereunder shall be sufficiently given if (a) in writing and personally delivered or (b) sent by registered or certified mail, postage paid, return receipt requested, as follows:

(a) If to the Corporation:

American Tool Companies, Inc.
P.O. 337
Dewitt, Nebraska 68541
Attn: President

(b) If to Newell:

Newell Co.
Newell Center
29 East Stephenson Street
Freeport, Illinois 61032
Attn: Vice President - Finance

(c) If to any of the other Shareholders, to the address set forth below such party's name:

Allen D. Petersen
American Tool Companies, Inc.
Dewitt, Nebraska 68341

Robert W. Brady
American Tool Companies, Inc.
Dewitt, Nebraska 68341

Kenneth L. Cheloha
American Tool Companies, Inc.
Dewitt, Nebraska 68341

William L. Kiburz
American Tool Companies, Inc.
Dewitt, Nebraska 68341

Flemming Associates
Petersen International
Corporation
2333 Waukegan Road
Bannockburn, Illinois 60015

Ane C. Patterson
150 Haskill Basin Road
Whitefish, Montana 59937

Any party may change the address to which each such notice or communication shall be sent by giving written notice to the other parties of such new address in the manner provided herein for giving notice.

24. GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with the laws of Nebraska without giving effect to the provisions, policies or principles thereof respecting conflict or choice of laws.

25. COMMON STOCK. As used herein the term "Common Stock" shall mean and include the shares of Class A and Class B common stock of the Corporation authorized on the date hereof and shall also include any shares of any class of the Corporation thereafter authorized which shall not be limited to a fixed sum or percentage in respect of the rights of the holders hereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

26. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same agreement.

27. FURTHER ASSURANCES. Each of the Shareholders agrees to vote its or his Common Stock and to execute and deliver such documents and instruments as may be necessary or advisable in order to implement the foregoing provisions of this Agreement.

28. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first set forth above.

AMERICAN TOOL COMPANIES, INC.

NEWELL Co.

By: _____
Name:
Title:

By: _____
Name:
Title:

ALLEN D. PETERSEN

KENNETH L. CHELOHA

ROBERT W. BRADY

WILLIAM L. KIBURZ

FLEMMING ANDRESEN

ANE C. PATTERSON

NEWELL CO.

AMENDED 1993 STOCK OPTION PLAN

SECTION 1. PURPOSE

The purpose of the 1993 Stock Option Plan of Newell Co. (the "Plan") is to benefit Newell Co. (the "Company") and its Subsidiaries (as defined in Section 2) by recognizing the contributions made to the Company by officers and other key employees (including Directors of the Company who are also employees) of the Company and its Subsidiaries, to provide such persons with additional incentive to devote themselves to the future success of the Company, and to improve the ability of the Company to attract, retain and motivate individuals, by providing such persons with a favorable opportunity to acquire or increase their proprietary interest in the Company over a period of years through receipt of options to acquire common stock of the Company. In addition, the Plan is intended as an additional incentive to members of the Board of Directors of the Company who are not employees of the Company ("Non-Employee Directors") to serve on the Board of Directors of the Company (the "Board") and to devote themselves to the future success of the Company by providing them with a favorable opportunity to acquire or increase their proprietary interest in the Company through receipt of options to acquire common stock of the Company.

The Company may grant stock options which constitute "incentive stock options" ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or stock options which do not constitute ISO ("NSOs") (ISOs and NSOs being hereinafter collectively referred to as "Options").

SECTION 2. ELIGIBILITY

Non-Employee Directors shall participate in the Plan only in accordance with the provisions of Section 5 of the Plan. The Committee (as defined in Section 3) shall initially, and from time to time thereafter, select those officers and other key employees (including Directors of the Company who are also employees) (collectively referred to herein as "Key Employees") of the Company or any other entity of which the Company is the direct or indirect beneficial owner of not less than fifty percent (50%) of all issued and outstanding equity interests ("Subsidiaries"), to participate in the Plan on the basis of the special importance of their services in the management, development and operations of the Company or its

107

Subsidiaries (each such Director and Key Employee receiving Options granted under the Plan is referred to herein as an "Optionee").

SECTION 3. ADMINISTRATION

3.1 THE COMMITTEE

The Plan shall be administered by the Compensation Committee of the Board (the "Committee"). The Committee shall be comprised of two (2) or more members of the Board. All members of the Committee shall satisfy the "disinterested" administration requirements set forth in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), or any successor rule or regulation. If at any time any member of the Committee does not satisfy such disinterested administration requirements, no Options shall be granted under this Plan to any person until such time as all members of the Committee satisfy such requirements. No person who is an officer or employee of the Company or any Subsidiary shall be a member of the Committee.

3.2 AUTHORITY OF THE COMMITTEE

No person, other than members of the Committee, shall have any authority concerning decisions regarding the Plan. Subject to the express provisions of this Plan, including but not limited to Section 5, the Committee shall have sole discretion concerning all matters relating to the Plan and Options granted hereunder. The Committee, in its sole discretion, shall determine the Key Employees of the Company and its Subsidiaries to whom, and the time or times at which Options will be granted, the number of shares to be subject to each Option, the expiration date of each Option, the time or times within which the Option may be exercised, the cancellation of the Option (with the consent of the holder thereof) and the other terms and conditions of the grant of the Option. The terms and conditions of the Options need not be the same with respect to each Optionee or with respect to each

Option.

The Committee may, subject to the provisions of the Plan, establish such rules and regulations as it deems necessary or advisable for the proper administration of the Plan, and may make determinations and may take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or other action made or taken pursuant to the Plan, including interpretation of the Plan and the specific terms and conditions of the Options granted hereunder by the Committee shall be final and conclusive for all purposes and upon all persons including, but without limitation, the Company, its Subsidiaries, the Committee, the Board, officers and the affected employees of the Company and/or its Subsidiaries and their respective successors in interest.

No member of the Committee shall, in the absence of bad faith, be liable for any act or omission with respect to service on the Committee. Service on the Committee shall constitute service as a Director of the Company so that members of the Committee shall be entitled to indemnification pursuant to the Company's Restated Certificate of Incorporation and By-Laws.

SECTION 4. SHARES OF COMMON STOCK SUBJECT TO PLAN

4.1 The total number of shares of common stock, par value \$1.00 per share, and associated preferred stock purchase rights of the Company (the "Common Stock"), that may be issued and sold under the Plan shall initially be 4,000,000. The total number of shares of Common Stock that may be available for Options under the Plan shall be adjusted on January 1 of each calendar year, within the Applicable Period (as defined below), so that the total number of shares of Common Stock that may be issued and sold under the Plan as of January 1 of each calendar year within the Applicable Period shall be equal to five percent (5%) of the outstanding shares of Common Stock of the Company on such date; provided, however, that no such adjustment shall reduce the total number of shares of Common Stock that may be issued and sold under the Plan below 4,000,000. For purposes of the preceding sentence, Applicable Period shall be the ten-year period commencing on January 1, 1993 and ending on December 31, 2002. The aforementioned total number of shares of Common Stock shall be adjusted in accordance with the provisions of Section 4.2 hereof. Notwithstanding the foregoing, the total number of shares of Common Stock that may be subject to ISOs under the Plan shall be 4,000,000 shares of Common Stock, adjusted in accordance with the provisions of Section 4.2 hereof. With respect to Options granted to Optionees who are not subject to Section 16 of the 1934 Act, the number of shares of Common Stock delivered by any such Optionee or withheld by the Company on behalf of any such Optionee pursuant to Sections 8.2 or 8.3 of the Plan shall once again be available for issuance pursuant to subsequent Options. Any shares of Common Stock subject to issuance upon exercise of Options but which are not issued because of a surrender (other than pursuant to Sections 8.2 or 8.3 of the Plan), forfeiture, expiration, termination or cancellation of any such Option, to the extent consistent with applicable law, rules and regulations, shall once again be available for issuance pursuant to subsequent Options.

4.2 The number of shares of Common Stock subject to the Plan and to Options granted under the Plan shall be adjusted as follows: (a) in the event that the number of outstanding shares of Common Stock is changed by any stock dividend, stock split or combination of shares, the number of shares subject to the Plan and to Options previously granted thereunder shall be proportionately adjusted, (b) in the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, there shall be substituted on an equitable basis as determined by the Board of Directors, in its sole discretion, for each share of Common Stock then subject to the Plan

and for each share of Common Stock then subject to an Option granted under the Plan, the number and kind of shares of stock, other securities, cash or other property to which the holders of Common Stock of the Company are entitled pursuant to the transaction, and (c) in the event of any other change in the capitalization of the Company, the Committee, in its sole discretion, shall provide for an equitable adjustment in the number of shares of Common Stock then subject to the Plan and to each share of Common Stock then subject to an Option granted under the Plan. In the event of any such adjustment, the exercise price per share shall be proportionately adjusted.

SECTION 5. GRANT OF OPTIONS TO NON-EMPLOYEE DIRECTORS

5.1. GRANTS

All grants of Options to Non-Employee Directors shall be automatic and non-discretionary. Grants of Options to Non-Employee Directors shall be made under both paragraph (a) and paragraph (b) of this Section 5.1 as set forth below.

(a) Each individual who is a Non-Employee Director on the effective date of the Plan who was first elected to the Board after May 1, 1992 shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the effective date on the Plan. Each individual who is a Non-Employee Director (other than a Non-Employee Director who was previously an employee Director) on the effective date of the Plan who was first elected to the Board prior to May, 1992, shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the fifth anniversary of the date such Director was last granted a NSO under the Company's Amended and Restated 1984 Stock Option Plan. Each individual who becomes a Non-Employee Director (other than a Non-Employee Director who was previously an employee Director) after the effective date of the Plan shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the date he or she becomes a Non-Employee Director. Each individual who is a Non-Employee Director on the effective date of the Plan and who was previously an employee Director shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the fifth anniversary of the date the Director was last granted an Option. Each individual who is an employee Director of the Company on the effective date of the Plan and who thereafter becomes a Non-Employee Director shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the fifth anniversary of the date the Director was last granted an Option. Thereafter, each Non-Employee Director who holds NSOs granted pursuant to this Section 5.1(a) shall be granted automatically an additional NSO to purchase 5,000

shares of Common Stock on the fifth anniversary of the date the Director was last granted an Option.

(b) Each individual who is a Non-Employee Director on November 6, 1997 shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on November 6, 1997. Thereafter, each such Non-Employee Director shall be granted an additional NSO to purchase 5,000 shares of Common Stock on the fifth anniversary of the date the Director was last granted an Option pursuant to this paragraph 5.1(b). Each individual who becomes a Non-Employee Director after November 6, 1997 shall be granted automatically a NSO to purchase 5,000 shares of Common Stock on the date he or she becomes a Non-Employee Director. Thereafter, each such Non-Employee Director shall be granted automatically an additional NSO to purchase 5,000 shares of Common Stock on the fifth anniversary of the date the Director was last granted an Option pursuant to this paragraph 5.1(b).

5.2 EXERCISE PRICE AND PERIOD

The per share Option exercise price of each such NSO granted to a Non-Employee Director shall be the "Fair Market Value," on the date on which the Option is granted, of the Common Stock subject to the Option. "Fair Market Value" shall mean the closing sales price of the Common Stock on the New York Stock Exchange Composite Tape (as reported in THE WALL STREET JOURNAL, Midwest Edition). Each such NSO shall become exercisable with respect to one-fifth of the total number of shares of Common Stock subject to the Option on the date twelve months after the date of its grant and with respect to an additional one-fifth of the total number of shares of Common Stock subject to the Option at the end of each twelve-month period thereafter during the succeeding four years. Each NSO shall expire on the date ten years after the date of grant.

SECTION 6. GRANTS OF OPTIONS TO EMPLOYEES

6.1 GRANT

Subject to the terms of the Plan, the Committee may from time to time grant Options, which may be ISOs or NSOs, to Key Employees of the Company or any of its Subsidiaries. Unless otherwise expressly provided at the time of the grant, Options granted under the Plan to Key Employees will be ISOs.

6.2 OPTION AGREEMENT

Each Option shall be evidenced by a written Option Agreement specifying the type of Option granted, the Option exercise price, the terms for payment of the exercise price, the expiration date of the Option, the number of shares of Common Stock to be subject to each

Option and such other terms and conditions established by the Committee, in its sole discretion, not inconsistent with the Plan.

6.3 EXPIRATION

Except to the extent otherwise provided in or pursuant to Section 7, each Option shall expire, and all rights to purchase shares of Common Stock shall expire, on the tenth anniversary of the date on which the Option was granted.

6.4 EXERCISE PERIOD

Except to the extent otherwise provided in or pursuant to Section 7, or in the proviso to this sentence, Options shall become exercisable pursuant to the following schedule: with respect to one-fifth of the total number of shares of Common Stock subject to Option on the date twelve months after the date of its grant and with respect to an additional one-fifth of the total number of shares of Common Stock subject to the Option at the end of each twelve-month period thereafter during the succeeding four years; provided, however, that the Committee, in its sole discretion, shall have the authority to shorten or lengthen the exercise schedule with respect to any or all Options, or any part thereof, granted to Key Employees under the Plan.

6.5 REQUIRED TERMS AND CONDITIONS OF ISOS

Each ISO granted to a Key Employee shall be in such form and subject to such restrictions and other terms and conditions as the Committee may determine, in its sole discretion, at the time of grant, subject to the general provisions of the Plan, the applicable Option Agreement, and the following specific rules:

(a) Except as provided in Section 6.5(d), the per share exercise price of each ISO shall be the Fair Market Value of the shares of Common Stock on the date such ISO is granted.

(b) The aggregate Fair Market Value (determined with respect to each ISO at the time such Option is granted) of the shares of Common Stock with respect to which ISOs are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its parent and subsidiary corporations) shall not exceed \$100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Common Stock subject to an Option, which first becomes exercisable in any calendar year exceeds the limitation of this Section 6.5(b), so much of the Option that does not exceed the applicable dollar limit shall be an ISO and the remainder shall be a NSO; but in all other respects, the original Option Agreement shall remain in full force and effect.

(c) As used in this Section 6, the words "parent" and "subsidiary" shall have the meanings given to them in Section 425(e) and 425(f) of the Code.

(d) Notwithstanding anything herein to the contrary, if an ISO is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Section 422(b)(6) of the Code, (i) the purchase price of each share of Common Stock subject to the ISO shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date the ISO is granted, and (ii) the ISO shall expire and all rights to purchase shares thereunder shall cease no later than the fifth anniversary of the date the ISO was granted.

(e) No ISOs may be granted under the Plan after February 9, 2003.

6.6 REQUIRED TERMS AND CONDITIONS OF NSOS

Each NSO granted to Key Employees shall be in such form and subject to such restrictions and other terms and conditions as the Committee may determine, in its sole discretion, at the time of grant, subject to the general provisions of the Plan, the applicable Option Agreement, and the following specific rule: the per share exercise price of each NSO shall be the Fair Market Value of the shares of Common Stock on the date the NSO is granted; provided however, that in no event may the exercise price be less than the par value of the shares of Common Stock subject to such NSO.

SECTION 7. EFFECT OF TERMINATION OF EMPLOYMENT

7.1 TERMINATION GENERALLY

Except as provided in Sections 7.2, 7.3 and 11, or by the Committee, in its sole discretion, any Option held by an Optionee whose employment with the Company and its Subsidiaries or during service on the Board is terminated for any reason, shall terminate on the date of termination of employment or service on the Board. The transfer of employment from the Company to a Subsidiary, or from a Subsidiary to the Company, or from a Subsidiary to another Subsidiary, shall not constitute a termination of employment for purposes of the Plan. Options granted under the Plan shall not be affected by any change of duties in connection with the employment of the Optionee or by leave of absence authorized by the Company or a Subsidiary.

7.2 DEATH AND DISABILITY

In the event of the death or Disability (as defined below) of an Optionee during employment with the Company or any of its Subsidiaries or during service on the Board, all Options held by the Optionee shall become fully exercisable on such date of death or Disability. Each of the Options held by such an Optionee shall expire on the earlier of (a) the first anniversary of the date of death or Disability and (b) the date that such Option expires in accordance with its terms. For purposes of this Section 7.2, "Disability" shall mean the inability of an individual to engage in any substantial gainful activity by reason of any medical determinable physical or mental impairment which is expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The Committee, in its sole discretion, shall determine the date of any Disability.

7.3 RETIREMENT OF EMPLOYEES

(a) KEY EMPLOYEES (OTHER THAN KEY EMPLOYEES WHO ARE ALSO DIRECTORS OF THE COMPANY). In the event the employment of a Key Employee with the Company and/or its Subsidiaries (other than a Key Employee who is also a Director of the Company) shall be terminated by reason of Employee Retirement, all Options held by the Key Employee shall become fully exercisable. Each of the Options held by such a Key Employee shall expire on the earlier of (i) the first anniversary of the date of the Employee Retirement and (ii) the date that such Option expires in accordance with its terms. For purposes of this Section 7.3, "Employee Retirement" shall mean retirement of a Key Employee at age 65. In the event the employment of a Key Employee with the Company and/or its Subsidiaries shall be terminated by reason of a retirement that is not an Employee Retirement as herein defined, the Committee may, in its sole discretion, determine that the exercisability and exercise periods set forth in this Section 7.3(a) shall be applicable to Options held by such Key Employee.

(b) NON-EMPLOYEE DIRECTORS. In the event the service of a Non-Employee Director on the Board shall be terminated by reason of the retirement of such Non-Employee Director of the Company in accordance with the Company's retirement policy for Directors, any Option or Options granted to such Non-Employee Director shall continue to vest and remain exercisable pursuant to Section 5, in the same manner and to the same extent as if such Director had continued his or her service on the Board during such period.

(c) KEY EMPLOYEES WHO ARE ALSO DIRECTORS. Section 7.3(b) shall be applicable to Options held by any Key Employee who is also a Director in the event the employment of such Key Employee with the Company and/or its Subsidiaries shall be terminated by reason of Employee Retirement, so long as the service of such Key Employee on the Board continues after such Employee Retirement. Section 7.3(a)

shall be applicable to Options held by any Key Employee who is also a Director in the event the employment of such Key Employee with the Company and/or its Subsidiaries shall be terminated by reason of Employee Retirement, if such Key Employee ceases to be a Director on the date of such Key Employee's Employee Retirement.

SECTION 8. EXERCISE OF OPTIONS

8.1. NOTICE

A person entitled to exercise an Option may do so by delivery of a written notice to that effect specifying the number of shares of Common Stock with respect to which the Option is being exercised and any other information the Committee may prescribe. The notice shall be accompanied by payment as described in Section 8.2. The notice of exercise shall be accompanied by the Optionee's copy of the writing or writings evidencing the grant of the Option. All notices or requests provided for herein shall be delivered to the Secretary of the Company.

8.2 EXERCISE PRICE

Except as otherwise provided in the Plan or in any Option Agreement, the Optionee shall pay the purchase price of the shares of Common Stock upon exercise of any Option (a) in cash, (b) in cash received from a broker-dealer to whom the Optionee has submitted an exercise notice consisting of a fully endorsed Option (however, in the case of an Optionee subject to Section 16 of the 1934 Act, this payment option shall only be available to the extent such insider complies with Regulation T issued by the Federal Reserve Board), (c) by delivering shares of Common Stock having an aggregate Fair Market Value on the date of exercise equal to the Option exercise price, (d) by directing the Company to withhold such number of shares of Common Stock otherwise issuable upon exercise of such Option having an aggregate Fair Market Value on the date of exercise equal to the Option exercise price, (e) in the case of a Key Employee, by such other medium of payment as the Committee, in its discretion, shall authorize at the time of grant, or (f) by any combination of (a), (b), (c), (d) and (e). In the case of an election pursuant to (a) or (b) above, cash shall mean cash or a check issued by a federally insured bank or savings and loan, and made payable to Newell Co. In the case of payment pursuant to (b), (c) or (d) above, the Optionee's election must be made on or prior to the date of exercise and shall be irrevocable. In the case of an Optionee who is subject to Section 16 of the 1934 Act and who elects payment pursuant to (d) above, the election must be made in writing either (i) within the ten (10) business days beginning on the third business day following release of the Company's quarterly or annual summary of earnings and ending on the twelfth business day following such day, or (ii) at least six (6) months prior to the date of exercise of such Option. In lieu of a separate election governing each exercise of an Option, an Optionee

may file a blanket election with the Committee which shall govern all future exercises of Options until revoked by the Optionee. The Company shall issue, in the name of the Optionee, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any Option as soon as reasonably practicable after such exercise, provided that any shares of Common Stock purchased by an Optionee through a broker-dealer pursuant to clause (b) above shall be delivered to such broker-dealer in accordance with 12 C.F.R. Section 220.3(e)(4) or other applicable provision of law.

8.3 TAXES GENERALLY

At the time of the exercise of any Option, as a condition of the exercise of such Option, the Company may require the Optionee to pay the Company an amount equal to the amount of the tax the Company or any subsidiary may be required to withhold to obtain a deduction for federal and state income tax purposes as a result of the exercise of such Option by the Optionee or to comply with applicable law.

8.4 PAYMENT OF TAXES

At any time when an Optionee is required to pay an amount required to be withheld under applicable income tax or other laws in connection with the exercise of an Option, the Optionee may satisfy this obligation in whole or in part by (a) directing the Company to withhold such number of shares of Common Stock otherwise issuable upon exercise of such Option having an aggregate Fair Market Value on the date of exercise equal to the amount of tax required to be withheld, or (b) delivering shares of Common Stock of the Company having an aggregate Fair Market Value equal to the amount required to be withheld. In the case of payment of taxes pursuant to (a) or (b) above, the Optionee's election must be made on or prior to the date of exercise and shall be irrevocable. The Committee may disapprove any election or delivery or may suspend or terminate the right to make elections or deliveries. In the case of an Optionee who is subject to Section 16 of the 1934 Act, an election to withhold shares of Common Stock must be made in writing either (a) six months prior to the exercise date, (b) during a period beginning on the third business day following the date of release for publication of the Company's quarterly or annual summary consolidated statements of revenue and income and ending on the twelfth business day following such date or (c) more than six months and one day from the later of the date of the grant of the Option hereunder to such person or the date of the most recent transaction by such person which is treated as a purchase of the Common Stock of the Company pursuant to the 1934 Act and the rules and regulations thereunder, and which is not exempt from Section 16(b) of the 1934 Act. In lieu of a separate election governing each exercise of an Option, an Optionee may file a blanket election with the Committee which shall govern all future exercises of Options until revoked by the Optionee.

SECTION 9. TRANSFERABILITY OF OPTIONS

No Option granted pursuant to the Plan shall be transferable otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code.

SECTION 10. RIGHTS AS STOCKHOLDER

An Optionee or a transferee of an Optionee pursuant to Section 9 shall have no rights as a stockholder with respect to any Common Stock covered by an Option or receivable upon the exercise of an Option until the Optionee or transferee shall have become the holder of record of such Common Stock, and no adjustments shall be made for dividends in cash or other property or other distributions or rights in respect to such Common Stock for which the record date is prior to the date on which the Optionee shall have in fact become the holder of record of the shares of Common Stock acquired pursuant to the Option.

SECTION 11. CHANGE IN CONTROL

11.1 EFFECT OF CHANGE IN CONTROL

Notwithstanding any of the provisions of the Plan or any Option Agreement evidencing Options granted hereunder, upon a Change in Control of the Company (as defined in Section 11.2) all outstanding Options shall become fully exercisable and all restrictions thereon shall terminate in order that Optionees may fully realize the benefits thereunder. Further, in addition to the Committee's authority set forth in Section 3, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Option, either at the time such Option is granted hereunder or any time thereafter, to take any one or more of the following actions: (a) provide for the purchase of any such Option, upon the Optionee's request, for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Common Stock covered thereby had such Option been currently exercisable; (b) make such adjustment to any such Option then outstanding as the Committee deems appropriate to reflect such Change in Control; and (c) cause any such Option then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

11.2 DEFINITION OF CHANGE IN CONTROL

The term "Change in Control" shall mean the occurrence, at any time during the specified term of an Option granted under the Plan, of any of the following events:

- (a) The occurrence of any "Distribution Date," as such term is defined in Section 3 of the Rights Agreement between the Company and First Chicago Trust Company of New York

dated October 20, 1988, as such may be amended from time to time;

(b) The Company is merged or consolidated or reorganized into or with another corporation or other legal person (an "Acquiror") and as a result of such merger, consolidation or reorganization less than 50% of the outstanding voting securities or other capital interests of the surviving, resulting or acquiring corporation or other person are owned in the aggregate by the stockholders of the Company, directly or indirectly, immediately prior to such merger, consolidation or reorganization, other than the Acquiror or any corporation or other person controlling, controlled by or under common control with the Acquiror;

(c) The Company sells all or substantially all of its business and/or assets to an Acquiror, of which less than 50% of the outstanding voting securities or other capital interests are owned in the aggregate by the stockholders of the Company, directly or indirectly, immediately prior to such sale, other than the Acquiror or any corporation or other person controlling, controlled by or under common control with the Acquiror; or

(d) The election to the Board, without the recommendation or approval of the incumbent Board, of the lesser of (i) three Directors or (ii) Directors constituting a majority of the number of Directors of the Company then in office.

SECTION 12. POSTPONEMENT OF EXERCISE

The Committee may postpone any exercise of an Option for such time as the Committee in its sole discretion may deem necessary in order to permit the Company (a) to effect, amend or maintain any necessary registration of the Plan or the shares of Common Stock issuable upon the exercise of an Option under the Securities Act of 1933, as amended, or the securities laws of any applicable jurisdiction, (b) to permit any action to be taken in order to (i) list such shares of Commons Stock on a stock exchange if shares of Common Stock are then listed on such exchange or (ii) comply with restrictions or regulations incident to the maintenance of a public market for its shares of Common Stock, including any rules or regulations of any stock exchange on which the shares of Common Stock are listed, or (c) to determine that such shares of Common Stock and the Plan are exempt from such registration or that no action of the kind referred to in (b)(ii) above needs to be taken; and the Company shall not be obligated by virtue of any terms and conditions of any Option or any provision of the Plan to recognize the exercise of an Option or to sell or issue shares of Common Stock in violation of the Securities Act of 1933 or the law of any government having

jurisdiction thereof. Any such postponement shall not extend the term of an Option and neither the Company nor its directors or officers shall have any obligation or liability to an Optionee, to the Optionee's successor or to any other person with respect to any shares of Common Stock as to which the Option shall lapse because of such postponement.

SECTION 13. TERMINATION OR AMENDMENT OF PLAN

The Board or the Committee may terminate, suspend, or amend the Plan, in whole or in part, from time to time, without the approval of the stockholders of the Company to the extent allowed by law; provided, however, that (a) no Plan amendment shall be effective until approved by the stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, and (b) the provisions of the Plan applicable to Non-Employee Directors may not be amended more than once every six (6) months, except to comply with changes in the Code and the Employee Retirement Income Security Act, or the rules and regulations under each.

The Committee may correct any defect or supply an omission or reconcile any inconsistency in the Plan or in any Option granted hereunder in the manner and to the extent it shall deem desirable, in its sole discretion, to effectuate the Plan.

No amendment or termination of the Plan shall in any manner affect any Option theretofore granted without the consent of the Optionee, except that the Committee may amend the Plan in a manner that does affect Options theretofore granted upon a finding by the Committee that such amendment is in the best interest of holders of outstanding Options affected thereby.

This Plan is intended to comply with all applicable requirements of Rule 16b-3 or its successors under the 1934 Act, insofar as participants subject to Section 16 of the 1934 Act are concerned. To the extent any provision of the Plan does not so comply, the provision shall, to the extent permitted by law and deemed advisable by the Committee, be deemed null and void with respect to such participants.

SECTION 14. EFFECTIVE DATE

The Plan has been adopted and authorized by the Board of Directors for submission to the stockholders of the Company. If the Plan is approved by the affirmative vote of a majority of the shares of the voting stock of the Company entitled to be voted by the holders of stock represented at a duly held stockholders' meeting, it shall be deemed to have become effective as of February 9, 1993. Options may be granted under the Plan prior, but subject, to approval of the Plan by stockholders of the Company and, in each such case, the date of grant shall be determined without reference to the date of approval of the Plan by the stockholders of the Company.

EXHIBIT 11

COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK

	Year Ended December 31,		
	1997	1996	1995
	----	----	----
	(In thousands, except per share data)		
Basic earnings per share:			
Net income	\$290,402	\$256,479	\$222,471
Weighted average shares outstanding	159,079	158,764	158,212
Basic earnings per share:	\$1.83	\$1.62	\$1.41
Diluted earnings per share:			
Net income	\$290,402	\$256,479	\$222,471
Minority interest in income of subsidiary trust, net of tax	881		
Net income, assuming conversion of all applicable securities	\$291,283	\$256,479	\$222,471
Weighted average shares outstanding	159,079	158,764	158,212
Incremental common shares applicable to common stock options based on the average market price during the period	622	423	318
Average common shares issuable assuming conversion of the Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust	513		
Weighted average shares outstanding assuming full dilution	160,214	159,187	158,530
Diluted earnings per share, assuming conversion of all applicable securities	\$1.82	\$1.61	\$1.40

STATEMENT OF COMPUTATION OF
RATIO OF EARNINGS TO FIXED CHARGES

	For The Year Ended December 31, -----				
	1997 ----	1996 ----	1995 ----	1994 ----	1993 ----
	(In thousands, except ratio data)				
Earnings available to fixed charges:					
Income before income taxes	\$480,799	\$424,634	\$370,785	\$329,292	\$275,556
Fixed charges -					
Interest expense	73,621	56,989	49,812	29,970	19,062
Portion of rent determined to be interest (1)	16,633	14,855	12,634	10,494	8,580
Minority interest in income of subsidiary trust	1,458				
Eliminate equity in earnings	(5,831)	(6,364)	(5,993)	(5,661)	(3,811)
	----- \$566,680 =====	----- \$490,114 =====	----- \$427,238 =====	----- \$364,095 =====	----- \$299,387 =====
Fixed charges:					
Interest expense	\$ 73,621	\$ 56,989	\$ 49,812	\$ 29,970	\$ 19,062
Portion of rent determined to be interest (1)	16,633	14,855	12,634	10,494	8,580
Minority interest in income of subsidiary trust	1,458				-
	----- \$ 91,712 =====	----- \$ 71,844 =====	----- \$ 62,446 =====	----- \$ 40,464 =====	----- \$ 27,642 =====
Ratio of earnings to fixed charges	6.18 =====	6.82 =====	6.84 =====	9.00 =====	10.83 =====

(1) A standard ratio of 33% was applied to gross rent expense to approximate the interest portion of short-term and long-term leases.

SIGNIFICANT SUBSIDIARIES

NAME -----	JURISDICTION OF ORGANIZATION -----	OWNERSHIP -----
Anchor Hocking Corporation	Delaware	100% of stock owned by Newell Operating Company
Berol Corporation	Delaware	100% of stock owned by Newell Co.
Faber-Castell Corporation	New Jersey	100% of stock owned by Newell Co.
Intercraft Company	Delaware	100% of stock owned by Newell Co.
Newell Investments Inc.	Delaware	100% of stock owned by Newell Operating Company
Newell Operating Company	Delaware	77.5% of stock owned by Newell Co.; 22.5% of stock owned by Anchor Hocking Corporation
Newell Window Furnishings, Inc.	Delaware	100% of stock owned by Newell Operating Company
Pen and Pencil, Inc.	Illinois	100% of stock owned by Newell Co.
Sanford Investment Company	Delaware	21.29% of stock owned by Berol Corporation; 35.37% of stock owned by Faber-Castell Corporation; and 43.34% of stock owned by Pen and Pencil, Inc.
Sanford, L.P.	Illinois (limited partnership)	Newell Operating Company is the general partner and Sanford Investment Company is the limited partner

[ARTHUR ANDERSEN LETTERHEAD]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 27, 1998 included in Form 10-K, into the Company's previously filed Form S-8 Registration Statement File Nos. 33-24447, 33-25196, 33-40641, 33-67620, 33-67632, 33-51063, 33-51961, 33-62047 and 333-38621, Form S-3 Registration Statement File Nos. 33-64225 and 333-47261 and Post-Effective Amendment No. 1 to Form S-4 on Form S-8 Registration Statement File Nos. 33-49282 and 33-44957.

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
March 20, 1998

NEWELL SAFE HARBOR STATEMENT

Information provided by the Company, including certain of the matters contained in this the Company's Annual Report on Form 10-K (the "1997 Report") and the documents incorporated by reference therein, may constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements may relate to, but are not limited to, such matters as sales, income, earnings per share, return on equity, capital expenditures, dividends, capital structure, free cash flow, debt to capitalization ratios, internal growth rates, future economic performance, management's plans, goals and objectives for future operations and growth or the assumptions relating to any of the forward-looking information. Such statements generally are accompanied by words such as "intend," "anticipate," "believe," "estimate," "project," "expect," "should" or similar statements. The Company cautions that forward-looking statements are not guarantees since there are inherent difficulties in predicting future results, and that actual results could differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ include, but are not necessary limited to, those discussed below and the matters set forth generally in the 1997 Report and the documents incorporated by reference therein. This Exhibit is included pursuant to the Reform Act and with the intention of obtaining the benefits of the so called "safe harbor" provisions of the Reform Act.

Retail Economy

The Company's business depends on the strength of the retail economies in various parts of the world, primarily in the U.S. and to a lesser extent in Asia (including Australia and New Zealand), Canada, Europe (including the Middle East and Africa) and Latin America (including Mexico and Central America), which are affected by such factors as consumer demand, the condition of the consumer products retail industry and weather conditions. In recent years, the consumer products retail industry has been characterized by intense competition and consolidation among both product suppliers and retailers.

Nature of the Marketplace

The Company competes with numerous other manufacturers and distributors of consumer products, many of which are large and well-established. In addition, the Company's principal customers are volume purchasers, many of which are much larger than the Company and have strong bargaining power with suppliers. The rapid growth of large mass merchandisers, such as discount stores, warehouse clubs, home centers and office superstores, together with changes in consumer

125

shopping patterns, have contributed to a significant consolidation of the consumer products retail industry and the formulation of dominant multi-category retailers. Other trends among retailers are to require manufacturers to maintain or reduce product prices or deliver products with shorter lead times, or for the retailer to import generic products directly from foreign sources. The combination of these market influences has created an intensely competitive environment in which the Company's principal customers continuously evaluate which product suppliers to use, resulting in pricing pressures and the need for ongoing improvements in customer service.

Growth by Acquisition

The acquisition of companies that sell branded, staple consumer product lines to volume purchasers is one of the foundations of the Company's growth strategy. The Company's ability to continue to make sufficient strategic acquisitions at reasonable prices and to integrate the acquired businesses within a reasonable period of time are important factors in the Company's future earnings growth.

Foreign Operations

Foreign operations, which include manufacturing in Canada, Mexico, Colombia, Venezuela and many countries in Europe, and importing products from the Far East, increasingly are becoming important to the Company's business. Foreign operations can be affected by factors such as currency devaluation and other currency fluctuations, tariffs, nationalization, exchange controls, limitations on foreign investment in local businesses and other political,

economic and regulatory risks.