

FIRST QUARTER 1997

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended March 31, 1997

Commission File Number 1-9608

NEWELL CO.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

36-3514169
(I.R.S. Employer
Identification No.)

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

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

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares of Common Stock outstanding
as of April 16, 1997: 159,057,402

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

Three Months Ended March 31,	
-----	-----
1997	1996
-----	-----
Unaudited	

Net sales	\$ 629,374	\$ 618,157
Cost of products sold	440,090	436,907
	-----	-----
GROSS INCOME	189,284	181,250
Selling, general and administrative expenses	109,958	111,754
	-----	-----
OPERATING INCOME	79,326	69,496
Nonoperating expenses (income):		
Interest expense	12,785	14,442
Other	4,020	(262)
	-----	-----
Net nonoperating expenses (income)	16,805	14,180
	-----	-----
INCOME BEFORE INCOME TAXES	62,521	55,316
Income taxes	24,758	22,126
	-----	-----
NET INCOME	\$ 37,763	\$ 33,190
	=====	=====
Earnings per share	\$ 0.24	\$ 0.21
	=====	=====
Dividends per share	\$ 0.16	\$ 0.14
	=====	=====
Weighted average shares outstanding	158,958	158,675
	=====	=====
See notes to consolidated financial statements.		

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NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 1997	% of Total	December 31, 1996	% of Total
	-----	-----	-----	-----
	Unaudited			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,698	0.2%	\$ 4,360	0.1%
Accounts receivable, net	369,465	11.9	404,170	13.4
Inventories, net	534,838	17.3	509,504	17.0
Deferred income taxes	111,267	3.6	121,152	4.0
Prepaid expenses and other	63,469	2.0	68,928	2.3
	-----	-----	-----	-----
TOTAL CURRENT ASSETS	1,084,737	35.0	1,108,114	36.8
MARKETABLE EQUITY SECURITIES	257,077	8.3	240,789	8.0
OTHER LONG-TERM INVESTMENTS	58,922	1.9	58,703	2.0
OTHER ASSETS	118,978	3.8	119,168	4.0
PROPERTY, PLANT AND EQUIPMENT, NET	553,825	17.9	555,434	18.5

TRADE NAMES AND GOODWILL	1,026,278	33.1	922,846	30.7
	-----	-----	-----	-----
TOTAL ASSETS	\$3,099,817	100.0%	\$3,005,054	100.0%
	=====	=====	=====	=====

See notes to consolidated financial statements.

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NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT.)
(In thousands)

	March 31, 1997	% of Total	December 31, 1996	% of Total
	-----	-----	-----	-----
	Unaudited			
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 55,484	1.8%	\$ 70,877	2.4%
Accounts payable	87,631	2.8	105,333	3.5
Accrued compensation	47,803	1.5	65,632	2.2
Other accrued liabilities	313,749	10.1	324,719	10.8
Income taxes	38,839	1.3	37,209	1.2
Current portion of long-term debt	33,141	1.1	33,243	1.1
	-----	-----	-----	-----
TOTAL CURRENT LIABILITIES	576,647	18.6	637,013	21.2
LONG-TERM DEBT	799,326	25.8	672,033	22.4
OTHER NONCURRENT LIABILITIES	157,793	5.1	156,691	5.2
DEFERRED INCOME TAXES	55,377	1.8	47,477	1.6
STOCKHOLDERS' EQUITY				
Common stock - authorized shares, 400.0 million at \$1 par value;	159,054	5.1	158,871	5.3
Outstanding shares:				
1997 - 159.1 million				
1996 - 158.9 million				
Additional paid-in capital	200,823	6.5	197,889	6.6
Retained earnings	1,118,477	36.1	1,106,146	36.8
Net unrealized gain on securities				

available for sale	46,440	1.5	36,595	1.2
Cumulative translation adjustment	(14,120)	(0.5)	(7,661)	(0.3)
	-----	----	-----	----
TOTAL STOCKHOLDERS' EQUITY	1,510,674	48.7	1,491,840	49.6
	-----	----	-----	----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,099,817	100.0%	\$3,005,054	100.0%
	=====	=====	=====	=====

See notes to consolidated financial statements.

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NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Three Months Ended	
	March 31,	
	1997	1996
	-----	-----
	Unaudited	
OPERATING ACTIVITIES:		
Net Income	\$ 37,763	\$ 33,190
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	30,151	29,895
Deferred income taxes	11,357	13,079
Other	(264)	(2,107)
Changes in Current Accounts, excluding the effects of acquisitions:		
Accounts receivable	44,717	36,487
Inventories	(17,859)	(4,195)
Other current assets	7,438	(5,500)
Accounts payable	(21,613)	(21,165)
Accrued liabilities and other	(49,445)	(23,000)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	42,245	56,684
	-----	-----
INVESTING ACTIVITIES:		
Acquisitions, net	(117,625)	(35,287)
Expenditures for property, plant and equipment	(15,399)	(14,847)
Disposals of noncurrent assets and other	9,093	3,352
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(123,931)	(46,782)
	-----	-----
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	137,418	63,439
Proceeds from exercised stock options and other	3,117	1,765
Payments on notes payable and long-term debt	(25,620)	(58,316)
Cash dividends	(25,432)	(22,214)
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	89,483	(15,326)
	-----	-----

EXCHANGE RATE EFFECT ON CASH	(6,459)	(7,161)
	-----	-----

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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,338	(12,585)
Cash and cash equivalents at beginning of year	4,360	58,771
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 5,698	\$ 46,186
	=====	=====
Supplemental cash flow disclosures:		
Cash paid during the period for		
Interest	\$ 14,877	\$ 16,146
Income taxes	5,294	8,513

See notes to consolidated financial statements.

NEWELL CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments necessary to present a fair statement of the results for the periods reported, subject to normal recurring year-end audit adjustments, none of which is material. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

Note 2 - On January 19, 1996, the Company acquired The Holson Burnes Group, Inc. ("Holson Burnes"), a manufacturer and marketer of photo albums and picture frames. For this and other minor 1996 acquisitions, the Company paid \$42.6 million in cash and assumed \$44.4 million of debt. On March 5, 1997, the Company purchased the Rolodex business unit of Insilco Corporation ("Rolodex"), a marketer of office products including card files, personal organizers and paper punches. The Company paid \$117.6 million in cash and assumed no debt. These 1996 and 1997 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 \$160.9 million. The final adjustments to the purchase price allocations are not expected to be material to the financial statements.

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

	Three Months Ended March 31,	
	1997	1996
	-----	-----
	(In millions, except per share amounts)	
Net sales	\$640.2	\$638.8
Net income	37.9	32.6
Earnings per share	0.24	0.21

On January 30, 1997, the Company signed a letter of intent with Cooper Industries, Inc. to acquire Cooper's Kirsch Division. Kirsch manufactures and distributes drapery

hardware and custom window coverings in the U.S. and abroad. Consummation of the acquisition is subject to execution of a definitive agreement and receipt of the necessary government approvals.

Note 3 - The components of inventories at the end of each period, net of the LIFO reserve, were as follows:

	March 31, 1997	December 31, 1996
	-----	-----
	(In millions)	
Materials and supplies	\$126.7	\$124.5
Work in process	93.1	87.9
Finished products	315.0	297.1
	-----	-----
	\$534.8	\$509.5
	=====	=====

Note 4 - 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 the end of each period are summarized as follows:

	March 31, 1997	December 31, 1996
	-----	-----
	(In millions)	
Aggregate market value	\$257.1	\$240.8
Aggregate cost	180.3	180.3
	-----	-----
Unrealized gain	\$ 76.8	\$ 60.5
	=====	=====

Note 5 - Property, plant and equipment at the end of each period consisted of the following:

	March 31, 1997	December 31, 1996
	-----	-----
	(In millions)	
Land	\$ 21.5	\$ 21.1
Buildings and improvements	205.3	206.9
Machinery and equipment	688.7	699.6
	-----	-----
	915.5	927.6
Allowance for depreciation	(361.7)	(372.2)
	-----	-----
	\$ 553.8	\$ 555.4
	=====	=====

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Note 6 - Commercial paper in the amount of \$532.0 million is classified as long-term since it is supported by the revolving credit agreement. Long-term debt at the end of each period consisted of the following:

	March 31, 1997	December 31, 1996
	-----	-----
	(In millions)	
Medium-term notes	\$295.0	\$295.0
Commercial paper	532.0	404.0
Other long-term debt	5.4	6.2
	-----	-----
	832.4	705.2
Current portion	(33.1)	(33.2)
	-----	-----
	\$799.3	\$672.0
	=====	=====

Note 7 In 1997, the Financial Accounting Standards Board issued

Statement 128, "Earnings per Share." This statement establishes a new standard for computing and presenting earnings per share in financial statements. The Company will adopt the new standard when it releases its fourth quarter 1997 earnings; the impact of adoption of this statement will not be material to the Company's results of operations.

PART I. Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The following table sets forth for the periods indicated items from the Consolidated Statements of Income as a percentage of net sales.

	Three Months Ended	
	March 31,	
	1997	1996
	-----	-----
Net sales	100.0%	100.0%
Cost of products sold	69.9	70.7
	-----	-----
GROSS INCOME	30.1	29.3
Selling, general and administrative expenses	17.5	18.1
	-----	-----
OPERATING INCOME	12.6	11.2
Nonoperating expenses (income):		
Interest expense	2.0	2.3
Other	0.7	-
	-----	-----

Net nonoperating expenses (income)	2.7	2.3
	-----	-----
INCOME BEFORE INCOME TAXES	9.9	8.9
Income taxes	3.9	3.5
	-----	-----
NET INCOME	6.0%	5.4%
	=====	=====

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Three Months Ended March 31, 1997 vs. Three Months Ended March 31,

1996

Net sales for the first three months of 1997 were \$629.4 million, representing an increase of \$11.2 million or 1.8% from \$618.2 million in the comparable quarter of 1996. The overall increase in net sales was primarily attributable to contributions from the March 1997 acquisition of Rolodex and internal growth of 2%. Internal growth is defined as growth from the Company's "core businesses," which include continuing businesses owned more than two years and minor acquisitions completed during the last two years. Net sales for each of the Company's product groups (and the primary reasons for the increases) were as follows, in millions:

	1997	1996	% Change	Primary Reasons for Increases
	-----	-----	-----	-----
Home Furnishings	\$204.2	\$203.4	0.4	Internal growth of 1.2%, offset partially by Decorel/Holson Burnes (acquired September 1995/January 1996) integration into Intercraft
Housewares	181.3	175.9	3.1	Internal growth
Office Products	150.2	145.7	3.1	March 1997 Rolodex acquisition
Hardware & Tools	93.7	93.2	0.5	Internal growth
	-----	-----	-----	
	\$629.4	\$618.2	1.8%	
	=====	=====	=====	

Gross income as a percent of net sales in the first three months of 1997 was 30.1% or \$189.3 million versus 29.3% or \$181.3 million in the comparable quarter of 1996. Gross margins improved as a result of

increased gross margins from several of the Company's core businesses.

Selling, general and administrative expenses ("SG&A") in the first three months of 1997 were 17.5% of net sales or \$110.0 million versus 18.1% or \$111.8 million in the comparable quarter of 1996. The decrease in spending was primarily attributable to cost savings achieved as a result of the integration of Holson Burnes and Decorel into the Intercraft picture frame business.

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Operating income in the first three months of 1997 was 12.6% of net sales or \$79.3 million versus 11.2% or \$69.5 million in the comparable quarter of 1996. The increase was due to increased core business gross margins and the integration of the picture frame businesses.

Net nonoperating expenses in the first three months of 1997 were 2.7% of net sales or \$16.8 million versus 2.3% or \$14.2 million in the comparable quarter of 1996. The \$2.6 million increase was due primarily to \$2.1 million of lower dividend income. On October 15, 1996, Black & Decker exercised its option to convert the 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 quarterly), the dividends paid to the Company in 1997 on the shares of Black & Decker common stock owned by the Company as a result of the conversion are expected to total \$0.8 million per quarter, before the effect of income taxes.

For the first quarter in 1997 and 1996, the effective tax rate was 39.6% and 40.0%, respectively.

Net income for the first three months of 1997 was \$37.8 million, representing an increase of \$4.6 million or 13.8% from the comparable quarter of 1996. Earnings per share for the first three months of 1997 increased 14.3% to \$0.24 versus \$0.21 in the comparable quarter of 1996. The increase in net income and earnings per share were primarily attributable to an operating margin improvement in several of the Company's core businesses and cost savings associated with the picture frame integration. These increases were offset partially by increased nonoperating expenses.

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; the primary uses of liquidity and capital resources include capital expenditures, dividend payments and acquisitions.

Cash provided by operating activities was \$42.2 million and \$56.7 million for the three months ended March 31, 1997 and March 31, 1996, respectively. This \$14.5 million decrease was primarily due to the reduction in inventory levels in the first quarter of 1996 which did not recur in the first quarter of 1997.

Cash provided from financing activities totalled \$89.5 million for the three months ended March 31, 1997 and is primarily due to an increase in long-term borrowings as a result of the Rolodex acquisition.

During 1996, the Company amended its revolving credit agreement with 23 banks to provide for a five-year \$900.0 million agreement which will terminate in June 2001. Under this agreement, the Company may borrow, repay and reborrow funds in an aggregate amount up to \$900.0 million, at a floating interest rate. At March 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 \$900.0 million 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 March 31, 1997, \$532.0 million (face or principal amount) of commercial paper was outstanding. The entire amount is classified as long-term debt.

At March 31, 1997, the Company had outstanding \$295.0 million (principal amount) of medium-term notes with maturities ranging from five to ten years at an average rate of interest equal to 6.4%.

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 March 31, 1997, the Company had not yet issued any securities under this registration statement.

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 March 31, 1997 totalled \$55.5 million.

USES:

Cash used in investing activities was \$123.9 million and \$46.8 million for the three months ended March 31, 1997 and March 31, 1996, respectively. In 1997, the Company acquired Rolodex for a total cash purchase price of \$117.6 million. In 1996, the Company acquired Holson Burnes and completed other minor acquisitions for consideration that included cash of \$42.6 million. 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.

Capital expenditures were \$15.4 million and \$14.8 million in the first three months of 1997 and 1996, respectively.

The Company has paid regular cash dividends on its common stock since 1947. On February 11, 1997, the quarterly cash dividend was increased to \$0.16 per share from the \$0.14 per share that had been paid since February 6, 1996. Prior to this date, a quarterly cash dividend of \$0.12 per share had been paid since May 11, 1995 which was an increase from the \$0.10 per share paid since May 12, 1994. Dividends paid were \$25.4 million and \$22.2 million in the first three months of 1997 and 1996, respectively. This increase in paid dividends affected retained earnings, which increased by \$12.3 million and \$11.0 million in the first three months of 1997 and 1996, respectively.

Working capital at March 31, 1997 was \$508.1 million compared to \$471.1 million at December 31, 1996. The current ratio at March 31, 1997 was 1.88:1 compared to 1.74:1 at December 31, 1996. Total debt to total capitalization (net of cash and cash equivalents) was .37:1 at March 31, 1997 and .34:1 at December 31, 1996.

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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the disclosure of several legal proceedings relating to the importation and distribution of vinyl mini-blinds made with plastic containing lead stabilizers in Note 14 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

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 receipt 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.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits:

27 Financial Data Schedule

b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements 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.

Date May 9, 1997

/s/ William T. Alldredge

William T. Alldredge
Vice President - Finance

Date May 9, 1997

/s/ Brett E. Gries

Brett E. Gries
Vice President - Accounting & Tax

[TYPE] EX-27
 [DESCRIPTION] ART. 5 FDS FOR 1ST QUARTER 10-Q
 [ARTICLE] 5
 [LEGEND] This schedule contains summary financial information extracted from the Newell Co. and Subsidiaries Consolidated Balance Sheets and Statements of Income and is qualified in its entirety by reference to such financial statements.
 [MULTIPLIER] 1,000

[PERIOD-TYPE]	3-MOS		
[FISCAL-YEAR-END]		DEC-31-1997	
[PERIOD-END]		MAR-31-1997	
[CASH]		5,698	
[SECURITIES]		0	
[RECEIVABLES]		369,465	
[ALLOWANCES]		(13,973)	<F1>
[INVENTORY]		534,838	
[CURRENT-ASSETS]		1,084,737	
[PP&E]		915,530	<F2>
[DEPRECIATION]		(361,705)	<F2>
[TOTAL-ASSETS]		3,099,817	
[CURRENT-LIABILITIES]		576,647	
[BONDS]		799,326	
[PREFERRED-MANDATORY]		0	
[PREFERRED]		0	
[COMMON]		159,054	
[OTHER-SE]		1,351,620	
[TOTAL-LIABILITY-AND-EQUITY]		3,099,817	
[SALES]		629,374	
[TOTAL-REVENUES]		189,284	
[CGS]		440,090	
[TOTAL-COSTS]		550,048	
[OTHER-EXPENSES]		16,805	
[LOSS-PROVISION]		1,354	<F1>
[INTEREST-EXPENSE]		12,785	
[INCOME-PRETAX]		62,521	
[INCOME-TAX]		24,758	
[INCOME-CONTINUING]		37,763	
[DISCONTINUED]		0	
[EXTRAORDINARY]		0	
[CHANGES]		0	
[NET-INCOME]		37,763	
[EPS-PRIMARY]		0.24	
[EPS-DILUTED]		0.24	

<FN>

<F1> Allowances for doubtful accounts are reported as contra accounts to accounts receivable. The corporate reserve for bad debts is a percentage of trade receivables based on the

bad debts experienced in one or more past years, general

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economic conditions, the age of the receivables and other factors that indicate the element of uncollectibility in the receivables outstanding at the end of the period.

<F2> See notes to consolidated financial statements.

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