

FIRST QUARTER 1995

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, 1995

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 No

Number of shares of Common Stock
outstanding as of April 21, 1995: 157,954,134

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31,	
1995	1994

Unaudited (In thousands, except per share data)	

Net sales	\$ 556,579	\$ 443,486
Cost of products sold	389,764	308,686
	-----	-----
GROSS INCOME	166,815	134,800
Selling, general and administrative expenses	93,420	77,043
	-----	-----
OPERATING INCOME	73,395	57,757
Nonoperating expenses (income):		
Interest expense	11,838	5,461
Other	1,392	(210)
	-----	-----
Net nonoperating expenses (income)	13,230	5,251
	-----	-----
INCOME BEFORE INCOME TAXES	60,165	52,506
Income taxes	24,066	21,002
	-----	-----
NET INCOME	\$ 36,099	\$ 31,504
	=====	=====
Earnings per share	\$ 0.23	\$ 0.20
	=====	=====
Dividends per share	\$ 0.10	\$ 0.09
	=====	=====
Weighted average shares	157,903	157,684
	=====	=====

See notes to consolidated financial statements.

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NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 1995	December 31, 1994
	-----	-----
	Unaudited	
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,019	\$ 14,892
Accounts receivable, net	313,473	335,806
Inventories	465,214	420,654
Deferred income taxes	84,590	90,063
Prepaid expenses and other	58,509	56,256
	-----	-----
TOTAL CURRENT ASSETS	931,805	917,671
MARKETABLE EQUITY SECURITIES	78,710	64,740
OTHER LONG-TERM INVESTMENTS	185,432	183,372
OTHER ASSETS	164,835	182,906
PROPERTY, PLANT AND EQUIPMENT, NET	473,726	454,597
GOODWILL	676,638	684,990
	-----	-----

TOTAL ASSETS	\$2,511,146	\$2,488,276
	=====	=====

See notes to consolidated financial statements.

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

	March 31, 1995	December 31, 1994
	-----	-----
	Unaudited	
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 214,997	\$ 209,720
Accounts payable	111,463	112,269
Accrued compensation	35,147	48,461
Other accrued liabilities	282,292	305,878
Income taxes	37,221	8,271
Current portion of long-term debt	99,425	99,425
	-----	-----
TOTAL CURRENT LIABILITIES	780,545	784,024
LONG-TERM DEBT	408,216	408,986
OTHER NONCURRENT LIABILITIES	149,087	152,697
DEFERRED INCOME TAXES	22,440	17,243
STOCKHOLDERS' EQUITY		
Par value of common stock issued:	157,951	157,844
1995 - 157,951,344 Shares		
1994 - 157,843,590 shares		
Additional paid-in capital	176,556	175,352
Retained earnings	809,170	788,862
Net unrealized gain on securities available for sale	18,250	9,868
Cumulative translation adjustment	(10,898)	(6,466)
Treasury stock (at cost):	(171)	(134)
1995 - 7,984 shares		
1994 - 6,567 shares		
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	1,150,858	1,125,326
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,511,146	\$2,488,276

See notes to consolidated financial statements.

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NEWELL CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	----- 1995	----- 1994
	----- Unaudited (In thousands)	
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:		
Net Income	\$ 36,099	\$ 31,504
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation and amortization	23,100	23,927
Deferred income taxes	(5,865)	2,362
Net gain on marketable equity securities	-	(213)
Other	95	(180)
Changes in Current Accounts:		
Accounts receivable	22,333	3,591
Inventories	(44,560)	(12,475)
Other current assets, accounts payable accrued liabilities and other	(591)	(14,541)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	----- 30,611	----- 33,975
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(18,211)	(12,177)
Sale of marketable equity securities	-	833
Disposal of noncurrent assets and other	(7,293)	(4,628)
	----- (25,504)	----- (15,972)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES:		
Proceeds from issuance of debt	9,691	147,810
Proceeds from exercised stock options and other	1,304	1,515
Payments on notes payable and long-term debt	(5,184)	(155,069)
Cash dividends	(15,791)	(14,191)
	----- (9,980)	----- (19,935)
DECREASE IN CASH AND CASH EQUIVALENTS	(4,873)	(1,932)
Cash and cash equivalents at beginning of year	14,892	2,866
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 10,019	\$ 934
	=====	=====

See notes to consolidated financial statements.

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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 August 29, 1994, the Company acquired Home Fashions, Inc. ("HFI"), a manufacturer and marketer of decorative window coverings, including vertical blinds and pleated shades. The purchase price was \$130.4 million in a cash. HFI was 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, which is a leading maker and marketer of markers and writing instruments, including wood-cased pencils and rolling ball pens, whose products are marketed under the Eberhard Faber brand name ("Eberhard Faber"). The purchase price was \$137.3 million in cash. Eberhard 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 ("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, Pyroflam and Visions brands in Europe, the Middle East and Africa, and Corning's consumer distribution network throughout these areas (Pyrex and Visions are registered trademarks of 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. The purchase price was \$86.9 million in cash. These transactions were accounted for as purchases; therefore, the results of operations for HFI, Eberhard Faber and Newell Europe are included in the accompanying consolidated financial statements since their respective dates of acquisition. The cost of the 1994 acquisitions was allocated on a preliminary basis to the fair market value of assets acquired and liabilities assumed and resulted in goodwill of approximately \$156.6 million.

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The unaudited consolidated results of operations for the three months ended March 31, 1995 and 1994 on a pro forma basis, as though HFI, Eberhard Faber and Newell Europe each had been acquired on January 1, 1994 are as follows:

	1995 -----	1994 -----
	(In millions, except per share data)	
Net sales	\$556.6	\$545.8
Net income	36.1	29.3
Earnings per share	0.23	0.19

Note 3 - Cash paid during the first three months for income taxes and interest was as follows:

	Three Months Ended March 31,	
	1995 -----	1994 -----
	(In millions)	
Income taxes	\$ 2.1	\$ 4.8
Interest	13.7	8.8

Note 4- The components of inventories at the end of each period, net of the LIFO reserve, were as follows:

	March 31, 1995	December 31, 1994
	-----	-----
	(In millions)	
Materials and supplies	\$ 97.3	\$ 81.7
Work in process	98.6	98.9
Finished products	269.3	240.1
	-----	-----
	\$465.2	\$420.7
	=====	=====

Note 5 - Long-term marketable equity securities at the end of each period are summarized as follows:

	March 31, 1995	December 31, 1994
	-----	-----
	(In millions)	
Aggregate market value	\$ 78.7	\$ 64.7
Aggregate cost	48.3	48.3
	-----	-----
Unrealized gain, net	\$ 30.4	\$ 16.4
	=====	=====

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Note 6 - Property, plant and equipment at the end of each period consisted of the following:

	March 31, 1995	December 31, 1994
	-----	-----
	(In millions)	
Land	\$ 12.2	\$ 9.6
Buildings and improvements	168.8	164.8
Machinery and equipment	536.6	515.8
	-----	-----
	717.6	690.2
Allowance for depreciation	(243.9)	(235.6)
	-----	-----
	\$ 473.7	\$ 454.6
	=====	=====

Note 7 - Notes Payable at the end of each period consisted of the following:

	March 31, 1995	December 31, 1994
	-----	-----
	(In millions)	
Commercial paper(short-term)	\$ 120.0	\$ 117.1
Other notes payable	95.0	92.6
	-----	-----
	\$ 215.0	\$ 209.7
	=====	=====

Note 8 - Long-term debt at the end of each period consisted of the following:

	March 31, 1995	December 31, 1994
	-----	-----
	(In millions)	
Medium-term notes	\$ 186.0	\$ 186.0
Commercial paper	300.0	300.0

Other long-term debt	21.6	22.4
	-----	-----
Current portion	507.6	508.4
	(99.4)	(99.4)
	-----	-----
	\$ 408.2	\$ 409.0
	=====	=====

Commercial paper in the amount of \$300.0 million is classified as long-term since it is supported by the revolving credit agreement discussed in the liquidity and capital resources section on page 11.

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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 the items from the Consolidated Statements of Income as a percentage of net sales.

	Three Months Ended March 31,	
	1995	1994
	-----	-----
Net sales	100.0%	100.0%
Cost of products sold	70.0	69.6
	-----	-----
GROSS INCOME	30.0	30.4
Selling, general and administrative expenses	16.8	17.4
	-----	-----
OPERATING INCOME	13.2	13.0
Nonoperating expenses (income):		
Interest expense	2.1	1.2
Other	0.3	
	-----	-----
Net nonoperating expenses (income)	2.4	1.2
	-----	-----
INCOME BEFORE INCOME TAXES	10.8	11.8
Income taxes	4.3	4.7
	-----	-----
NET INCOME	6.5%	7.1%
	=====	=====

Three Months Ended March 31, 1995 vs.
Three Months Ended March 31, 1994

Net sales for the first quarter of 1995 were \$556.6 million, representing an increase of \$113.1 million or 25.5% from \$443.5 million in the comparable quarter of 1994. Net sales for each of the Company's product groups were as follows, in millions:

	1995	1994	\$ Change	% Change
	-----	-----	-----	-----
Housewares	\$175.9	\$145.5	\$ 30.4	20.9%
Home Furnishings	165.9	144.5	21.4	14.8%
Office Products	129.6	69.1	60.5	87.6%
Hardware	85.2	84.4	0.8	0.9%
	-----	-----	-----	-----
	\$556.6	\$443.5	\$113.1	25.5%
	=====	=====	=====	=====

The overall increase in net sales was attributable to sales growth of 4% from businesses owned more than two years (core businesses) and the 1994 acquisitions of HFI, Eberhard Faber and Newell Europe. The increase in Housewares sales was due primarily to the Newell Europe acquisition. The increase in Home Furnishings was due primarily to the HFI acquisition. The increase in Office Products was due to the Eberhard Faber acquisition and 26% sales growth from core businesses.

Gross income as a percent of net sales in the first quarter of 1995 decreased slightly to 30.0% from 30.4% in the comparable quarter of 1994. The decrease was due primarily to low gross margins from the businesses acquired in 1994, offset by improvements in gross margins in the Housewares and Office Products core businesses.

Selling, general and administrative expenses ("SG&A") as a percent of net sales in the first quarter of 1995 were 16.8% versus 17.4% in the comparable quarter of 1994. The decrease was due primarily to a reduction in SG&A at Goody and a low level of SG&A at Eberhard Faber.

Operating income in the first quarter of 1995 was 13.2% of net sales or \$73.4 million versus \$57.8 million in the comparable quarter of 1994. The increase was attributable to sales growth and improved profitability at the core businesses and contributions from the 1994 acquisitions.

Net nonoperating expenses for 1995 were \$13.2 million in the first quarter of 1995 versus \$5.3 million in the comparable quarter of 1994. The increase was primarily due to additional interest expense of \$6.4 million and incremental goodwill amortization of \$1.2 million resulting from the financing of the 1994 acquisitions, and a \$2.2 million write-off of intangible assets. This increase was partially offset by a \$1.9 million increase in equity earnings from American

Tool Companies, Inc., in which the company has a 47% ownership interest.

For the first quarter, the effective tax rate was 40.0% in both 1995 and 1994.

Net income for the first quarter of 1995 was \$36.1 million, representing an increase of \$4.6 million or 14.6% from the comparable

quarter of 1994. Earnings per share for the first quarter of 1995 were up 15.0% to \$0.23 versus \$0.20 in the comparable quarter of 1994. The increases in net income and earnings per share were primarily attributable to sales growth and improved profitability at the core businesses.

Liquidity and Capital Resources

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

Operating activities provided net cash equal to \$30.6 million during the first three months of 1995 versus \$34.0 million in the comparable period of 1994.

The Company has foreign and domestic lines of credit with various banks and a commercial paper program which are available for short-term financing. Under the line of credit arrangements, the Company may borrow up to \$351.5 million (of which \$255.5 million was available at March 31, 1995) based upon such terms as the Company and the respective banks have mutually agreed upon.

The Company has a shelf registration statement covering up to \$500.0 million of debt securities, of which \$257.0 million was available for additional borrowings as of March 31, 1995. Pursuant to the shelf registration, at March 31, 1995 the Company had outstanding \$186.0 million (principal amount) of medium-term notes with maturities ranging from one to five years at an average rate of interest equal to 6.6%.

The Company entered into a three-year \$300.0 million revolving credit agreement in August 1993, and a \$100.0 million, 364-day revolving credit agreement in each of November 1993 and August 1994. The November 1993 364-day revolving credit agreement was renewed for an additional 364 days. Under these agreements, the Company may borrow, repay and reborrow funds in an aggregate amount up to \$500.0 million, at a floating interest rate. At March 31, 1995, there were no borrowings under the revolving credit agreements.

In lieu of borrowings under the revolving credit agreements, the Company may issue up to \$500.0 million of commercial paper. The Company's revolving credit agreements referred to above provide the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may only be issued up to the amount available under the Company's revolving credit agreements. At March

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31, 1995, \$420.0 million (face or principal amount) of commercial paper was outstanding, all of which was supported by the revolving credit agreements. The short-term portion of this balance was \$120.0 million, which is classified as notes payable. The remaining \$300.0 million is classified as long-term debt under the three-year revolving credit agreement.

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

Capital expenditures were \$18.2 and \$12.1 million in the first three months of 1995 and 1994, respectively.

The Company has paid regular cash dividends on its common stock since 1947. On May 13, 1993, the quarterly cash dividend was increased to \$0.09 per share from the \$0.08 per share that had been paid since February 15, 1991. The quarterly dividend was again increased to \$0.10 per share on May 12, 1994. Dividends paid in the first three months of 1995 and 1994 were \$15.8 and \$14.2 million, respectively.

Working capital at March 31, 1995, was \$151.3 million compared to \$133.6 million at December 31, 1994. The current ratio at March 31, 1995 was 1.19:1 compared to 1.17:1 at December 31, 1994. The total debt to total capitalization was .39:1 at both March 31, 1995 and December 31, 1994.

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.

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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:

- (1) Registrant filed a Report on Form 8-K dated January 30, 1995 reporting the issuance of a press release regarding the results for the quarter and fiscal year ended December 31, 1994.

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 7, 1995 /s/ William T. Alldredge

 William T. Alldredge
 Vice President - Finance

Date May 7, 1995 /s/ Brett E. Gries

 Brett E. Gries
 Vice President - Accounting & Tax

<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.
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 <F2> See notes to consolidated financial statements.