

Q4 2008 Earnings Call Presentation

January 29, 2009



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Q4 2008 Summary

- » **Significant and Rapid Deterioration in the Global Economy Pressured Sales and Profitability Relative to October Guidance**
- » **“Normalized” EPS of \$0.11 Slightly Above Revised Guidance (\$0.06 to \$0.10) Communicated on December 17, 2008**
- » **Operating Cash Flow of \$212 Million Helped Deliver \$455 Million for the Year, Above Guidance and Driven by Working Capital Improvements**



Q4 2008 Financial Summary

- » **Net sales decline of 11.6%**
 - Acquisitions +3.8%
 - Foreign currency translation -4.0%
 - Product line exits -3.0%
 - All other -8.4%
- **Softness experienced across substantially all businesses and geographies; Office Products and Tools & Hardware segments were the most impacted**
- » **Gross margin declined 510 basis points to 30.0%**
 - **Favorable pricing was more than offset by weaker sales, lower manufacturing volumes, unfavorable mix and cost inflation**
- » **Reduction of \$16 million in SG&A**
 - **Increase from TC and Aprica acquisitions was more than offset by the impact of currency and tight SG&A management**
- » **“Normalized” EPS of \$0.11 is slightly ahead of revised guidance communicated in mid-December (\$0.06 to \$0.10)**
- » **Operating cash flow of \$212 million driven by improvements in working capital, particularly in receivables and inventory, which more than offset the decline in operating profit**



FY 2009 Guidance

	<u>Guidance [1]</u>
Net Sales Growth	-10 to -15%
Acquisition Benefit	+1%
Product Line Exit Impact	-4 to -6%
Currency Translation Impact	-2 to -4%
"Normalized" EPS [2]	\$1.00 to \$1.25
Cash Flow from Operations	> \$400 million
Capital Expenditures	\$150 million

[1] Reflects guidance communicated in Q4 2008 Earnings Release and Earnings Call

[2] See reconciliation on page 11



Q1 2009 Guidance

	<u>Guidance [1]</u>
Net Sales Growth	- Low to Mid Teens %
Acquisition Benefit	+4%
Product Line Exit Impact	-4 to -6%
Currency Translation Impact	-3 to -5%
"Normalized" EPS [2]	\$0.07 to \$0.12

[1] Reflects guidance communicated in Q4 2008 Earnings Release and Earnings Call

[2] See reconciliation on page 11



Cash & Borrowing Capacity

» Cash on hand [1]	\$275M
» Unused Revolver Capacity	\$690M

[1] Represents cash and cash equivalents as of December 31, 2008.



Appendix



Reconciliation: Q4 2008 and Q4 2007 "Normalized" EPS



	Q4 2008	Q4 2007
Diluted earnings per share from continuing operations (as reported):	(\$0.93)	\$0.36
Project Acceleration restructuring costs [1]	\$0.06	\$0.11
Diluted earnings per share from continuing operations (excluding charges):	(\$0.87)	\$0.47
One-time items [2]	\$0.98	\$0.00
"Normalized" EPS:	\$0.11	\$0.47

[1] Restructuring costs include impairment charges associated with Project Acceleration.

[2] For 2008, "one-time items" included non-cash, goodwill impairment charges of \$299.4M related to certain business units in the company's Tools & Hardware and Office Products segments, and tax benefits of \$26.4M.



Reconciliation: FY 2008 and FY 2007 “Normalized” EPS



	FY 2008	FY 2007
Diluted earnings per share from continuing operations (as reported):	(\$0.19)	\$1.72
Project Acceleration restructuring costs [1]	\$0.31	\$0.25
Diluted earnings per share from continuing operations (excluding charges):	\$0.12	\$1.97
One-time items [2]	\$1.10	(\$0.15)
"Normalized" EPS:	\$1.22	\$1.82

[1] Restructuring costs include impairment charges associated with Project Acceleration.

[2] For 2008, "one-time items" included those items referenced for Q4 2008, as well as the net of tax impact of the company's \$52M purchase of a call option with respect to Reset notes, and a tax benefit of \$3.5M. For 2007, "one-time items" consisted of tax benefits of \$41.3M.



Reconciliation: Q1 2009 and FY 2009 Guidance for "Normalized" EPS



	<u>Q1 2009</u>	<u>FY 2009</u>
Diluted earnings per share from continuing operations:	\$(0.05) to \$0.00	\$0.64 to \$0.89
Project Acceleration restructuring costs [1]	<u>\$0.10 to \$0.14</u>	<u>\$0.28 to \$0.43</u>
Diluted earnings per share from continuing operations (excluding charges):	\$0.07 to \$0.12	\$1.00 to \$1.25
One-time items	<u>\$0.00</u>	<u>\$0.00</u>
"Normalized" EPS:	\$0.07 to \$0.12	\$1.00 to \$1.25

[1] Restructuring costs include impairment charges associated with Project Acceleration.

